Daily Report

Latin America

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FBIS-LAT-93-031 *18 February 1993*

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Cuba

Further on Castro Addressing Havana Meetings

FL1802021393 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 18 Feb 93

[Text] Now we will give details of Fidel's meeting with voters and candidates for provincial delegates and national deputies in Juan Abrahantes Zone No. 11 of District No. 2 of Habana Vieja Municipality. Prior to that meeting, Fidel attended a meeting at the Ministry of Foreign Trade [Mincex] auditorium between Mincex workers and the provincial and national candidates for Plaza de la Revolucion Municipality.

[Begin Castro recording] This is not a military kind of battle. It is not a battle with bullets. In any case, in this battle our bullets are ideas. We have the ideas, and we represent the best in the history of this country. We represent the best in the history of the world. We also represent an encouraging example for the world. These are the values that are at stake in these elections, in this battle.

This battle is important throughout the country, but especially in the capital, where it is harder. That is why the role of all of you has to be the role of battle-hardened, front-line soldiers, where the main battle is being waged. I have great faith in the people of the capital, and I am sure you will rise to the level of your merits. Your awareness will rise to the level of the history of our country. You will rise to the level of the responsibilities that this moment demands.

[At Zone No. 11] We have to preserve the right to a future, to be able to resume one day, with much greater strength and vigor, the things we have painfully had to suspend. Our people are writing one of the most heroic and glorious pages of their history, confronting imperialism all alone. They thought that when the socialist bloc collapsed, we were going to start to shake. Who started to shake here? [crowd answers: "No one!"]

We did not even start to shake when they were aiming at us with a lot of nuclear missiles during the October missile crisis. We certainly were not going to start to shake now after years of revolution, because this is a veteran nation, a combative nation, a battle-hardened nation, a fighting nation, and a combatant nation, a nation that has known how to defend its independence with dignity, a nation that has even known how to help other nations and fulfill glorious internationalist missions. [applause]

I have seen this feeling, this spirit, in my tour of the eastern region and different places in Havana. We hope that you, the residents of Habana Vieja, will not fall behind any other province. [crowd shouts: "No!"] That you will not fall behind any other district, since it falls to you to wage the struggle, in the most difficult part of this battle. I hope that the residents of Habana Vieja will know how to be the vanguard, the front line. [applause] I hope you will know how to fight, how to persuade, how to enlighten the confused people, how to touch any fiber there may be inside a person, any fiber of patriotism, dignity, and honor. In this battle, we are not fighting with bullets. We are fighting with ideas. Our ideas are more powerful than all of imperialism's weapons. [applause, chants]

We are waging this battle with these ideas. That is why we hope that you will know how to follow this strategy of the united vote, the concentrated vote, and that on 24 February, as homage to the nation, as homage to Marti, as the best homage to Marti on that day, you will elect these comrades. We hope that when the polling stations close and the votes are counted, these candidates for deputies [as heard] to the provincial assembly for District No. 2 in Habana Vieja and the candidates for deputies to the National Assembly will be elected.

Are you certain about this? [crowd answers: "Yes!"] We are certain about this. [applause, cheers] [end recording]

Government Conducts House-to-House Campaign

PA1702000993 Madrid EFE in Spanish 1658 GMT 16 Feb 93

[Report by Marisol Marin]

[Text] Havana, 16 Feb (EFE)—The Cuban Government is conducting an intense house-to-house and individual propaganda campaign to convince all those who can be convinced that they have to "close ranks" and vote for Cuban President Fidel Castro and the revolution on 24 February.

With their characteristic determination, the active members of the mass organizations linked to the Communist Party of Cuba (PCC) have started the task of visiting neighbors in the past few days to explain how they should vote because it is absolutely essential they vote for the complete list of candidates.

"They have come to explain the same thing three times. Each time they came, I told them that I would vote but it seems they do not trust me," Nancy, a young employee at the Public Health Ministry, commented somewhat peevishly.

In addition to campaign activities in the streets, for the first time in the history of the revolution, groups of candidates are touring work centers with the same purpose.

"We have to vote united and firmly for Fidel and the revolution, against enemies inside and outside the country," Dr. Raul Gomez Cabrera harangued at a meeting with workers of the "Briones Montoto" tobacco factory in the center of Havana.

After a short meeting, Gomez Cabrera, director of the Hermanos Amejeiras hospital—the biggest one in Cuba—and his companions on the election list for that

Havana district, toured the factory's installations asking questions and making comments.

"You are doing an excellent job, but do not smoke because it is bad for you. Let the capitalists smoke," Dr. Gomez Cabrera told the workers.

The workers received the group with little fanfare and scarce curiosity. The imperturbable faces of the young workers were slightly offset by a more receptive attitude from old workers.

The problem, however, is not only to get the people to vote but to vote for the complete list of candidates for provincial assemblies and deputies for the National Assembly (parliament) because there are as many seats as there are candidates running "to avoid competition wars," Fidel Castro stated.

The candidates need more than 50 percent of the valid votes to be elected. Thus, theoretically, some candidates could be excluded.

Foreign observers, however, have noted that the government's main risk is that citizens will express their rejection with void or blank votes as they did during the 10 December municipal elections. The percentage of void or blank votes cast at the municipal elections was never published but several sources calculated it to be more than 20 percent and somewhat higher in Havana.

Probably, all or almost all the candidates will be elected but it is also very possible they will not get the people's overwhelming support.

Fidel Castro, candidate for deputy of the Boniato district in eastern Santiago de Cuba Province, toured the area for four days and made "black and white" reference to the voters' options.

"I can imagine what those who want Cuba to become like Miami, those who want Cuba to become a Yankee colony, those who want the revolution to be destroyed (...) will do: they will either not vote, will void their ballots, or will start to invent stories that will harm us in some way," Castro stated.

Even the name of a popular Brazilian soap opera entitled "Everything Is Game," which normally inflames passions in Cuba and is not considered a role model, has been conveniently used in the campaign. During prime time, the official propaganda proclaims that "Everyone Is Deserving," in addition to using the same musical backdrop of the well-known soap opera.

Moreover—so voters will not have any excuses—the National Election Commission has implemented measures to assist those whom, for whatever reason, may not be at their normal residence such as the sick in hospitals and crew members on ships, aircraft, and even trains.

Whatever the final result, these elections will not alter the single party system, which the Constitution grants a leading role in society, as well as the state. However, the election process will serve to gauge the mood of a population whose living standard is worse than two months ago and even much worse than two years ago.

The candidates, among which we find all the PCC leadership and high-ranking Interior Ministry and the Armed Forces personnel, do not tire of repeating that these elections are the most democratic in the world. Moreover, in its latest edition, the weekly magazine TRABAJADORES even stretched the hyperbole to describe the election process as "exaltedly democratic."

BET Membership Pledge Campaign Begins in Las Tunas

FL1702161693 Havana Radio Progreso Network in Spanish 1200 GMT 17 Feb 93

[Text] The process of individual pledges of membership to the Student Labor Brigades, BETs, for the next vacation period begins today simultaneously at all FEEM [Federation of Secondary School Students] and FEU [Federation of University Students] establishments in Las Tunas Province. Assemblies will be held during the day at 45 centers for middle-level instruction and university- level instruction in Las Tunas Province to register the student body's willingness to work at various economic and social tasks for two weeks during their vacation period. These meetings will also serve as a good time to offer information on the electoral process and the 24 February voting, in addition to explaining the need for the BETs to direct their efforts toward raising current-year productivity wherever they are assigned.

Election to UN Development Commission Noted

FL1802022093 Havana Radio Rebelde Network in Spanish 0000 GMT 18 Feb 93

[Text] Today, Cuba was elected a member of the UN Sustainable Development Commission by receiving 47 of the 53 possible votes. Eighty-three countries were nominated in the formation of this functional commission of the UN Economic and Social Council, and 53 members were chosen, of which Cuba was one.

The Sustainable Development Group will follow up on the resolutions and goals set at the Rio de Janeiro Summit, which was held in June 1992, especially those concerning problems of development and conservation of environmental resources. I repeat, Cuba was elected a member of the UN Sustainable Development Commission by receiving 47 of the 53 possible votes.

Declaration on Indigenous Peoples Presented to UNHRC

FL1702235993 Havana Radio Reloj Network in Spanish 2034 GMT 17 Feb 93

[Text] Today during a meeting of the UN Human Rights Commission [UNHRC], our country warned that the International Year of Indigenous Peoples cannot remain in sterile symbolism or be dominated by outdated paternalism.

In a declaration distributed during the solemn session which was devoted to this issue and chaired by Rigoberta Menchu, 1992 Nobel Peace Prize winner, Cuban Ambassador Jose Perez Novoa explained the significance of this year, which has been dedicated to the indigenous cause. According to the Cuban position, contributing to the success of this campaign is a basic duty. In particular, it will help to pay off the historic debt that humanity has to these peoples. Perez Novoa pointed out that it is [words indistinct] to find cases of human rights violations of indigenous peoples in developed countries through the so-called thematic procedures and yearly reports by work teams and special monitors.

The Cuban declaration, which was presented today before the UNHRC, states that the current priority should focus on future actions, without forgetting the historical lessons learned from the conquest up through the imposition of other cultures on the indigenous peoples' own cultures. The document adds that the sensitivity of the Cuban people to the problem of the indigenous peoples is well known, even though Cuba was left without indigenous people after 30 years of colonization. The Cuban declaration points out that our country has reiterated in different forums the individual and collective obligation concerning the social and economic welfare of the native peoples of the continent and the obligation to respect their rights and cultural identity.

The Cuban delegation to the UNHRC expressed its complete willingness to contribute to the success of the International Year of Indigenous Peoples.

Neurological Treatment Center Highlighted

FL1702165993 Havana Radio Progreso Network in Spanish 1200 GMT 17 Feb 93

[Text] Today, a time during which skeptics are joining forces in a supposedly unipolar world, there are always arguments against believing that those who ambush the beautiful princess are monsters; for believing that Snow White also lies; and for believing that King Kong no longer frightens anyone. Why not introduce a new buzz into the system, aimed at those skeptics, in connection with the fifth anniversary of the creation of Cuba's National Neurological Restoration Center, which is coming up in a few days on 26 February. This center was first called Ibero-Latin American Center for Nervous System Transplants and Regeneration.

Indeed, yesterday, the foreign journalists accredited in Cuba, as well as Cuba's journalists, were invited to a news conference on this subject at this institution's headquarters. But much more interesting than the data and statistics provided was discovery, by means of an extensive tour of this headquarters, of the secret of how people with motor difficulties [desajuiciadas en su aparato locomotor] or with Parkinson's Disease can find solutions to their afflictions. Cuba is the only country in the world that has this kind of international center for neurological restoration, a center at which over these past five years some 12,000 patients from Cuba and several other parts of the world have received scientific treatment for illnesses called incurable—such as strokes [infartos cerebrales]—without creating spectacular expectations, but simply by opening up new possibilities aimed at neurological restoration, using automated—highly automated—surgical techniques.

Comparisons are not always successful, because they sometimes lead to the difficult conclusion that something is better or worse than something else. However, what can be said about a social security [asistencial] center where every patient has an exclusive paramedical team [preceding word in English]—just for him—that can treat his neurological illness, taking as many hours as necessary for the treatment, without the patient's needing to worry about whether or not his medical insurance is going to be enough to cover even a single hour of treatment. Yes, I say one hour because the latest reports calculate that in Spain, for example, a single hour of this kind of treatment costs some $31 dollars, while a patient can require weeks to improve. Sustained efforts by our outstanding neuroscientists—efforts aimed at finding ways to relieve the patient, solutions to supposedly incurable neurological diseases such as Parkinson's Disease—demonstrate, not in vain, that Cuba is a medical power. There are therefore always arguments for sustaining a cause, and reasons not to become dispirited and to love this Revolution, even in difficult times.

Sugar Manager Interviewed on Unmet Production Goal

FL1702172593 Havana Radio Rebelde Network in Spanish 1255 GMT 17 Feb 93

[Report by Diosdado Maso]

[Text] [Maso] I am at the seat of a sugar farm. We have talked a lot about the sugar farms. However, the sugar farms have not been able to meet the goal for which they were created, which is to produce more sugarcane—with higher productivity and less cost.

Sometimes, I tell the comrades managing the farms that the problem is simply that they are not dedicating all the time required to the main goal, which is to produce sugarcane. I am here with Julio Rivera Acosta, the manager of the No. 1 El Ballo Sugar Farm of the 30 de Noviembre Mill in San Cristobal, Pinar del Rio Province. Is it perhaps that the proper priority is not being given to this activity?

[Rivera] I believe 80 percent.... [pauses] I believe 90 percent of the efforts should be dedicated to the sugarcane and the other 10 percent to the other activities of the sugar farm such as the workers' food.

[Maso] What do you think is happening? For example, are the 12 workers still not thinking as a single unit in terms of giving 90 percent to the sugarcane?

[Rivera] That depends a lot on the farm manager's ability to unite all the workers to pull in the same direction.

[Maso] What is your opinion in the case of El Ballo Sugar Farm of the 30 Noviembre Mill which you manage?

[Rivera] Our opinion, the opinion being discussed with all the workers every time we meet, is to think in terms of this need; in other words, to solve the problem of the farm, which is sugarcane production.

[Maso] Julio, how are the people taking care of this, because to have sugarcane you must plant sugarcane, but you must have people involved in the sugarcane.

[Rivera] We are taking care of this in the following manner. We supervise the section chiefs in the planting, and we plant top-quality sugarcane, not sugarcane over 12, 14, or 16 months old, but plant sugarcane that is six, seven, or up to nine months old. When the sugarcane no longer meets this requirement it should be allocated for a use other than planting.

[Maso] Julio, you have horses here? I have yet to see a section chief or farm manager in Cuba on horseback in the sugar fields. Do you not have horses?

[Rivera] Every section chief has a horse.

[Maso] But they still have jeeps and tractors. We have to take them away.

[Rivera] Each one of them, including the farm manager, has a horse.

[Maso] Julio, I truly think that what has to be done is to dedicate more time to sugarcane production.

Minbas Official Interviewed on 'Export Offensive'

FL1702164093 Havana Radio Rebelde Network in Spanish 1255 GMT 17 Feb 93

[Interview with Antonio de los Reyes, vice minister of the Ministry of Basic Industry, Minbas, by Carlos Santana; place and date not given—recorded]

[Text] [Santana, live] I continue my conversation with Minbas Vice Minister Antonio de los Reyes. This is his answer to the query about creating modern full-cycle enterprises that can conduct business with sectors abroad.

[Begin recording] [De los Reyes] Yes, the enterprises that are grouped in industrial blocs have been developing over the past few years into so-called full-cycle enterprises. This means these blocs comprise from research and development to production. Some also have construction and design enterprises which allow them to fulfill the full cycle of production and offer foreign companies a very thorough performance for joint productions, as well as joint enterprise partnerships or new investments. Therefore, it has been our policy to increasingly put all the elements required to conduct their businesses under the control of these industrial blocs.

[Santana] Minbas is saying it will be conducting an export offensive without including the domestic market. Precisely what will this contribute to the economy?

[De los Reyes] Minbas' principal export production is the nickel industry as well as certain [other] mining products. We are preparing to continue developing the nickel industry. It cannot be called—as you did—an export offensive, but rather continued, constant development of the Minbas exports, particularly the ones I mentioned, nickel and mining. There are some new products, especially in the non-metallic products branch, which we are planning to develop and expand in the market, products such as the mineral zeolite with its various applications, carbonate, bentonite, which are non-traditional products and would expand the present pool of exports of the ministry.

[Santana] On many occasions Fidel has mentioned the discretion that must be maintained.

[De los Reyes] We see it this way: We provide our partners a good business, in addition to discretion. This is why when we discuss them, we do not mention the specific company conducting the business and sometimes not even the country, because obviously—as has been said many times before—there are pressures from the United States through the embargo measures and the recent Torricelli Law to prevent any type of business from being conducted by representatives of foreign companies in Cuba. On many occasions, even before they get to it, these pressures have been felt, and in the event that business is conducted, the conditions we could achieve are limited. [end recording]

Basic Industry Vice Minister on Foreign Investment

FL1702021693 Havana Radio Rebelde Network in Spanish 1800 GMT 16 Feb 93

[Text] The Ministry of Basic Industry has offered forms of foreign investment in its production and service facilities. In an interview by reporter Carlos Santana Ojeda, Vice Minister of Basic Industry Antonio de los Reyes began by evaluating the benefits this experience brings to the country.

[Begin recording] [De los Reyes] This brings undeniable benefits to the country because several of our facilities are working below capacity, due to the special period. Some have even been shut down. This foreign investment, especially to ensure just the raw materials, the materials the industry needs, is ensuring jobs for our workers. In some cases, the possibility of sharing the domestic market with these foreign investors can also be analyzed, so that the industries that exist will be reactivated and revitalized.

In some cases, we have also analyzed investment projects that are underway, including some that were done with former socialist countries, to see where it is possible to get foreign capital to complete the projects and put them into operation.

[Santana] What have the results been to date that we have seen from foreign participation?

[De los Reyes] One can already see results in the oil industry in the contracts for prospecting and looking for oil. Contracts have been signed with foreign companies. We are also working to improve production from the existing reserves with new technologies, which also assumes considerable capital investment. These are the initial results we can mention. Also in other sectors, partnerships have been formed or production started, including for the domestic market; for example, the tourism market, which is an important market in this country. Important negotiations are also underway in different subsectors of the chemical industry. [end recording]

* Nickel Industry Adjusts to Market Economy

93CA0057C Havana BOHEMIA in Spanish No 2, 8 Jan 93 pp 30-35

[Article by Ariel Terrero]

[Text] In 1992 the nickel industry again fell into the trap of treacherous forecasts and intricate temptations that since times long past has lain in wait for men who walk the lands of Moa. Men as diverse as the visionary Christopher Columbus, the pragmatic North Americans, and Cuba's lost miners and workers have not escaped that fate.

The Genoese foresaw the region's mineral wealth when he landed in Moa on 24 November 1492, but when he died he was still talking about gold and silver, driven by the ambitions of that era. He was right, though, about iron. In 1526 the king of Spain complained that the island's iron ore was not being mined; a resource, in the end, that is still absolutely untapped even today.

Four and a half centuries later, the North Americans gambled on nickel, which was in the end the region's great resource. The owners of the Moa Bay Mining Company were unlucky. In 1960 the revolutionary government took over the factory just when its construction was completed, renamed it Comandante Pedro Sotto Alba, and managed to get it going despite the dire predictions of the North Americans who, in anger, had carried off all the plans with them.

The history of bad luck was not over. After consolidating the Moa and Nicaro firms—the veteran Comandante Rene Ramos Latour—Cuba planned an ambitious investment program to boost nickel production. Allied with the USSR, it began to build a third plant, Comandante Ernesto Che Guevara, in the mid-1970's. Officials and specialists concluded that by 1990 the island would export about 70,000 tons of nickel. But the maximum ever exported in one year was 46,500 tons, in 1989. After that, Cuban production began to decline substantially because of technological problems and the economic shortages of the special period.

In 1992 the UEN [Nickel Enterprises Union] tried to elude the malevolence of fate. Changes in the rules of the game favored a production plan of 50,000 tons. Once again the trap was sprung: the forecasts fell short by over 25 percent.

In such circumstances, only a paradox can explain why the Cuban state was again looking, probably with more faith than ever before, toward the red lands of the northeast in Oriente Province.

A Scare

For the second time, the nickel industry got into trouble when the trade ties with the Soviet Union vanished in 1991. The scare of being left without a market as it had experienced in 1960 was again repeated.

The people of Moa then faced the dilemma of finding new buyers for the ore that they used to sell to the socialist community, which had bought 75 percent of their production. Fears were more pronounced for the nickel and cobalt sulfide produced by Pedro Sotto Alba. This is an intermediate product that, unlike sinter and nickel oxide (from the Rene Ramos Latour and Ernesto Che Guevara plants), needs a second processing before use in the metallurgical industry. The North Americans had planned to refine it in Louisiana. This was the only plant in the world using this technology, so the very "raison d'etre" for this production was at stake when there was a break with the original owners of the Moa plant. At that time, when no one was expecting it, the Soviet Union came up with a refinery in the Urals, assuring Cuba of nickel exports at preferential prices.

The abrupt collapse of that trade arrangement placed the entire island in a highly precarious position, but against all odds, there was no lack of magic acts. Like sinter and oxide, with greater commercial potential, sulfide did find a market in 1991, despite its limiting exclusivity.

"The idea that nickel and cobalt sulfide was an intermediate product, a captive of the Soviet market, had blinded us," Aldo Parodis, director of the Pedro Sotto Alba plant, admits now. "We did not see a world outside where we could develop sales. Now we have discovered that this is a product in great demand in the Western countries. There are many nickel and cobalt refineries that buy sulfide."

The Nickel Enterprises Union is very careful not to divulge the identity of its buyers. The U.S. economic embargo is particularly stringent on this point. The United States even prohibits imports of equipment and machinery made with alloys containing Cuban nickel.

Dollars Measured Very Carefully

No less uncertainty was caused in Moa by the simultaneous loss of the import market. The enormous amounts of sulfur, petroleum, anthracite, and other raw materials

that Moa used to receive religiously from the USSR and East Europe to produce their ore now had to be found in other countries.

Contact with a market governed by very different rules from the pattern of commerce in the defunct socialist community has imposed changes in ways of thinking and management in Cuban industry.

Through a self-financing system initiated in 1991, the UEN has taken over financial responsibility for buying raw materials. A percentage of the industry's profits remains in the UEN to pay for raw materials and other investments. The rest of the profits go to the state.

"We measure all our costs very carefully," says Claudio Sotero, director of the union. "If you are going to produce and sell in the international market, you have to be competitive, and to compete you have to be profitable."

Meeting production goals requires giving top priority to economic efficiency. Production at any cost is a heritage that may lead to a factory's shutdown.

"Before, we were not interested in what was happening in the market," notes Claudio. "Now prices oblige us to calculate our costs with much greater precision; we have to try to consume fewer raw materials and less fuel so we can increase our foreign currency earnings."

According to Roque Mateo, deputy economic director of Pedro Sotto Alba, these new circumstances have revealed obsolete and unrealistic aspects of the old economic management systems, like the price policy, that used to prevail in Cuba. "A reflection of the little importance given to costs was that many producers used to buy resources in order to keep high inventories in warehouses. Now I buy what I need in the short term. We get what we need on a day-to-day basis."

Optimization of technological processes in the union's plants and enterprises has become an obsession. All the technical people and officials whom BOHEMIA interviewed talked about costs. The market acts like a sword of Damocles, putting pressure on them.

Stormy Market Conditions

As a whim of fate, just when nickel had fully entered the world of business in freely convertible currency, a big storm cloud darkened the international market. The price per ton dropped to about $5,500 per ton in mid-1992, down from $8,200 in 1991.

Despite these ill winds, the Cuban nickel industry continues to earn net profits, and has become one of Cuba's three leading generators of foreign currency. Production costs in Moa and Nicaro are still below nickel's depressed prices.

Strip mining and the close proximity between the mines and plants make nickel production in Cuba very cheap. Many nickel producers in other countries have deep mines to which access is difficult, and some have to import ore for processing, which of course increases costs.

The UEN's strong competitive position also comes from having the most efficient plant in the world. In Moa the North Americans introduced acid lixiviation technology that they did not repeat anywhere else. The Cuban technicians and workers have mastered this complex factory so well that at the present time Pedro Sotto Alba barely consumes a little more than five tons of oil to produce one ton of nickel, much less than the 17 tons that is the norm in plants using ammoniacal lixiviation, one of the technologies for lateritic ores in common use in the world. Pedro Sotto Alba is also measurably superior in terms of metallurgical efficiency.

Roque Mateo said that in 1992 this plant earned $3 in net profits for each dollar of production costs.

Heavy Blows

The international market has demonstrated that it is a field of conflict and temptation. The drop in prices reduced the union's earnings in comparison with 1991. Driven by the demand for foreign currency from the Cuban state, it tried to cut costs to compensate for nickel's low prices, while also trying to get the maximum out of its mines and plants in order to boost production. This was a dangerous game to play when the major nickel multinationals were using all methods—including cuts in supplies—to force up prices.

Many problems, though, have frustrated these plans. The instability of supplies which had been hampering Moa and Nicaro since 1990 struck again last year.

When BOHEMIA visited the mining enclave in late 1992, two of the three plants were idled because of fuel shortages. Only Pedro Sotto Alba, the top priority plant that must be kept operating come what may because of its higher profits, was working. The shutdowns, though short, had recurred several times during the year.

Adjusting to the new raw materials market has taken longer than expected, says the union's director, Claudio Otero. "At the start of the year we did not really know how to deal with the problems of an unfamiliar market." The nickel industry was forced to adapt its complex machinery to meet new raw materials specifications. The change in sulfur and liquid gas suppliers, for example, caused some glitches, as these resources have their own characteristics depending on the region and firm producing them.

Little by little, throughout the year, the union has been working through such difficulties. In Claudio's opinion, at the present time conditions are favorable for increasing production.

The forecasts—ambitious and persistent forecasts—include starting operations at a fourth nickel processing plant in 1994: Camariocas. This investment, the largest

in this sector, has not been halted, despite the withdrawal of a large part of the investors who were members of CEMA [Council for Mutual Economic Assistance], which had been financing the plant.

Risk and the Big Test

To elude predictions for the future, fate cloaks itself in a thick web of mystery. The plans to raise nickel production substantially in 1993 (50,000 tons) have the respectable backing of the mining tradition of Moa and Nicaro, which have been energized under new rules of the game, but for the observer this is still an unknown, especially given the complicated fate of earlier forecasts.

Unlike former trade patterns with the socialist community, the capitalist market creates a constant risk of surprises, especially for a client unaccustomed to its demands. Even though Cuban nickel has achieved an important trade breakthrough, adjustment to the Western market will probably take more than one or two years. It is not impossible that some of the unforeseen events that in 1991 and 1992 affected stability in raw materials supplies may recur. In its favor, the union does have a self-financing system backed by the high profit level of nickel—profits in dollars—to respond to the industry's high consumption of energy and other resources.

Nevertheless, the factor that will truly test the mining industry's endurance is not far distant. Of the three processing plants, the newest, Ernesto Che Guevara, accumulated such a string of technological problems during its construction and assembly that it has not met even half of its projected production capacity. A real fuel guzzler—even now it uses 22 tons of petroleum to produce one ton of nickel—this plant built with Soviet technology had to be closed in 1990 for almost half a year to undergo extensive technological modifications. Since that time, it has given signs of stability, although this has not been shown in a sustained manner because of uncertainties about supplies and other causes.

An overwhelming challenge faces the men and women of Moa and Nicaro. In addition to the constant clink of dollars, this chicken laying its nickel eggs has brought Cuba to the gates of a strategic market, closely tied to the world's major stock markets, to the metallurgical industry, and the production of high-tech equipment. Now that the first credits and negotiations have been worked out, which are as necessary as they are favorable to the island, this has reawakened expectations about the red lands of evil tales and adventures, lands that contain a third of the world's nickel reserves.

* Cost-Cutting Measures Reflect Progress

93CA0057B Havana BOHEMIA in Spanish No 2, 8 Jan 93 p 40

[Commentary by Luis Sexto]

[Text] When engineer Narciso Romero and I were talking about the animal-drawn mower that was copied from a 1920's model, we expected that someone would say we were regressing. And the engineer agreed, although in his opinion this regression is only apparent, because the problem--weeds in sugarcane fields—was being solved by using the machine's blades, thus saving the arms of 200 men.

And someone—a reader—after reading my report, did call me to ask: "Does it not seem to you that we are regressing? Oxen, and machines from 70 years ago...."

Views that promote controversy delight me; I do not conceive of journalism as anything but a clash of ideas. But putting aside my personal tastes, the fact is sad. After two years of shortages, difficulties, and struggles to survive, there are still people who have not changed their perception about what country we are living in, its circumstances, and what must be done now, and in the future—the solutions that time and its changes demand of Cuban society.

Progress, whether economic, social, or technical, is in my view a relative concept. It cannot be separated from any nation's natural or acquired potential. Certain parts of the world have created a mistaken image of progress, linking it to the superstition of the market and consumption. The Greeks used to say that the air was peopled by demons. But these devils truly live in the minds of such people, who are possessed by the Satan of profits, who are leading the planet toward ecological ruin and the dehumanization of the economy.

But even in that same crazy sector there are some sane minds who are beginning to understand that such irrationality is capable of pushing man backward, turning him into the primitive and helpless being who existed thousands of years ago.

So progress is relative; it may be identified with efficiency, low costs, and little or no damage to the environment, but above all, it must be identified with national or world circumstances. I would ask my concerned reader: is the European Economic Community turning backward by building windmills in its territory to use wind power as an alternative energy source? And to be more specific: is Denmark regressing because 10 percent of the electricity it consumes is generated by wind generators, whose first models appeared in the 12th or 13th century?

The European Community knows that oil is expensive, it is being depleted, and its deadly fumes spread throughout human habitations, and so it is seeking more lasting, less expensive, and less destructive alternatives in the wind, sun, water, the sea, organic wastes, and even nuclear power which, when used wisely, offers a way toward true progress.

And Cuba—small, without oceans of oil, without vast rivers of water—is acting intelligently when it seeks cheap but efficient methods to meet today's—and

tomorrow's—problems. If a tractor pulled the mower we talked about, it would have to go at the same pace as the oxen, as the speed and force of the mower's blade do not come solely from the tractor but from the mower's many parts. And the tractor, producing the same result as the animals, would use fuel and parts and would discharge its toxic gases into the environment.

Another example is a windmill driving the same amount of water as a pump connected to a motor, and it will save 1.5 tons of fuel a year. Are not savings and conservation more closely related to progress than wastefulness?

But I do not claim to be uttering absolute verities here. Cuba has begun to develop nuclear power, which means that wind, biomass, and solar-powered generators are not being used in opposition to more productive and forward-looking alternatives. I will simply suggest that progress, to be a sensible action, must adjust and adapt both to nature and to the nation's potential. Only with rationality and discipline can Cuba transcend this very difficult moment. Let us say like Santiago, the fisherman in "The Old Man and the Sea": "Now is no time to think of what you do not have. Think of what you can do with what there is."

Roundup of Economic Activity Reported 13 - 17 Feb

FL1802004993

[Editorial Report] The following is a compilation of fileworthy reports on economic developments in Cuba carried on Havana radio and television in Spanish between 13 February and 17 February.

The Isle of Youth has been able to economize 546 tons of fuel in the past six months by using a mixture of diesel and fuel-oil in electricity generation. The application of this mixture has saved $51,000 in import substitution alone. This technique has made it possible to maintain basic services for the population and maintain the vitality of the economy with 8 tons of diesel less per day on average. [Radio Rebelde 2048 GMT 15 Feb]

The Ciro Redondo Municipality limestone processing plant in Ciego de Avila Province uses methane gas as an auxiliary fuel which saves more than 1 ton of oil daily. The gas is extracted from the Pina deposit 2 km away. The plant recently finished installing a system that will extend the use of the methane gas to all the furnaces, which will increase fuel savings to at least 3 tons daily. [Cuba Vision 2320 GMT 15 Feb]

Pinar del Rio Province has so far harvested some 3 million poles (cujes) of tobacco. A number of measures were taken to counter the difficult situation that arose in the first few days following heavy rains, and a certain amount of improvement is now evident in many parts of the province, including controlling blue mold. All municipalities have been asked to work on tobacco day and night. [Radio Rebelde 1000 GMT 16 Feb]

The potato harvest began today in Villa Clara Province. The province is hoping to obtain some 400,000 quintals from the 85.4 caballerias that have been planted in potatoes. Lower temperatures and recent rains have favored the growth of potatoes this year. [Radio Rebelde 1255 GMT 16 Feb]

In 1992, the Humberto Lamothe Fabric Shoe Factory in Matanzas produced 46 percent of the total number of shoes it had planned to produce, even though it received only 36 percent of the fabric it was supposed to receive. This was possible due to the initiatives taken by the plant's workers. [Radio Reloj 1500 GMT 16 Feb]

Workers of the Santiago de Cuba open-cast copper mine have been able to resume operations and have been able to increase production in the extraction and processing of copper concentrate. Fidel Castro visited the mine and learned that recent studies have shown that the amount of copper there is almost incalculable, which guarantees its extraction into the next century. The production increase is attributed to the application of scientific and technical achievements in the plant's processing system. [Radio Rebelde 1800 GMT 16 Feb]

Workers in Las Tunas replanted more than 220 caballerias in sugarcane which doubled the February plan by taking advantage of the wet soil. The Antonio Guiteras and Jesus Menendez sugar plantations each planted more than 65 caballerias. Efforts in February made possible the replanting of a total of 350 caballerias. Recent rains will guarantee germination. More than 100 caballerias have been planted. [Radio Reloj 2030 GMT 16 Feb]

The Varadero International Clinic brought over $383,000 into the economy in 1992 by providing services for close to 5,000 patients. This facility has a total of 35 employees and can provide immediate intensive treatment for any kind of pathology, doctors' visits, and even permanent hospitalization for illness. The radio says "this health unit for tourists" provides, among other kinds, equipment for radiology and resuscitation in case of cardio-vascular illness for the hospitalization service. It also has access to dentistry services and can provide different kinds of dental care. [Radio Rebelde 1000 GMT 17 Feb]

In Camaguey, Cubanacan management's plan for hard currency income for 1993 looks like it is going to be 10 times greater than that for 1989. Management racked up 171,000 tourist-days in 1992, which is lower than what had been anticipated, mainly because of the construction on the runway at Ignacio Agramonte International Airport, although income decreased only slightly. In the analysis of management's performance during the period in question, the union representatives pointed out that although progress was made in improving workers living conditions, there is a disproportion between the investment process and the infrastructure for proper exploitation of Santa Lucia Beach and the stability of the work force there. It was also pointed out that the presence of

the Dutch group Golden Tulip [preceding two words in English], which runs and markets the Caracol Hotel in Santa Lucia, will contribute to making the said tourist site more competitive. The site is the province's most important one. [Radio Progreso 1200 GMT 17 Feb]

A donation of different medicines valued at $800,000 has been given to the Cuban Institute of Friendship with Peoples [ICAP] by two Basque organizations, the Internationalist Committee and Ascapena (expansion unknown). ICAP representatives said they would give the donation to the Ministry of Public Health for distribution to its hospitals. [Radio Reloj 2030 GMT 17 Feb]

Raul Castro Tours Tank Unit of Western Army

FL1802031093 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 18 Feb 93

[Text] In the beginning of the defense preparation year, Army General Raul Castro, the minister of the Revolutionary Armed Forces [FAR], toured the facilities of a large tank unit in the country's western region. Division General Ulises Rosales del Toro, the chief of the FAR General Staff; and Div. Gen. Leopoldo Cintra Frias, the chief of the Western Army—both members of the Politburo—and other Ministry of the FAR [Minfar] officials and officers accompanied him. The second secretary of the Central Committee received extensive information from Brigadier General (Ernie Hernandez Rodriguez) on the high level of combat readiness that the unit has demonstrated.

During his visit to the subordinate units, the minister verified the high morale of the soldiers in the field, the satisfactory maintenance, conservation, and vitality of the combat assets, as well as the significant achievements in the year since his last visit in the preparation of theater of military operations, specifically the construction of tunnels and other fortification projects.

Increasing food production is a concern and task of the chiefs, officers, and soldiers of this large unit. In 1992, the unit exceeded the goals set by the Minfar, which made it possible for it to meet, to a large degree, the nutritional needs of its personnel. For the next year, the conditions have been created and the will exists to achieve self-sufficiency in basic products. Every subordinate unit is making the greatest effort to achieve this goal. Raul described the area of the military supply battalion as a productive garden, which was showed to him by Major Raul Castro Hernandez, the unit's chief of staff, and Lieutenant Dayami Montero, the political instructor of one of the unit's companies.

Lastly, the second secretary spoke briefly to representatives of one of the most outstanding subordinate units. Raul said: We have dedicated this day to touring several units. We came to visit this unit, and especially to congratulate this 3d Battalion for the great task it has carried out, for being the vanguard of the large tank unit, and for the efforts it made during 1992 in the conservation of its equipment.

[Begin Castro recording] That is why on my own behalf and on behalf of my companions, and in this case on behalf of the commander in chief as well, receive our most sincere congratulations and appreciation. [end recording]

Western Revolutionary Navy Concludes Maneuvers

FL1702032293 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 17 Feb 93

[Text] The ceremony marking the conclusion of the Yaguajay 93 maneuvers and the beginning of the defense preparation year for the Revolutionary Navy was held at the Orden Antonio Maceo Western Naval Base. During the ceremony, the base was once again awarded the status of great vanguard unit, a merit it has possessed for seven years. Among other achievements, its combatants have guaranteed the maintenance and increase in the levels of combat readiness and preparation, as well as discipline, care for educational materials, and the preparation of the theater of military operations. On this occasion, they also challenged their comrades-in-arms of the country's eastern region to carry out a fraternal and well-fought emulation campaign.

Moments before, a simulated air raid was carried out against one of the squadrons which was in port. The response was immediate, as part of the Yaguajay 93 naval maneuvers, which have concluded after approximately one month of intense exercises in areas surrounding Cuba. In just a few minutes, the surface ships were massed to repel the supposed naval enemies with accurate missile attacks, which once again demonstrated our sailors' defensive capabilities.

At the conclusion of the ceremony, Rear Admiral Pedro Perez Betancourt, the chief of the Revolutionary Navy, spoke of the many and complex tasks that were carried out during the maneuvers, despite limited resources. He spoke of the goals for the period that has recently begun.

Navy Concludes Military Maneuvers in Pinar Del Rio

PA1602225593 Havana Radio Havana Cuba in Spanish 1300 GMT 16 Feb 93

[Text] The Cuban Navy concluded a military maneuver with rocket fire exercises and a simulated battle that involved the air defense troops of the country.

The exercises, which began on 20 January, were held in waters north of Pinar del Rio in the western part of the island. These exercises marked the beginning of the military instruction year of the national naval forces.

The maneuver was conducted in three stages and involved torpedo launches, submarines, naval aviation, mine sweeping ships, and the regular troops, among others from the Cuban Navy.

DAAFAR Begins Defense Preparation Year

FL1602163293 Havana Radio Progreso Network in Spanish 1200 GMT 16 Feb 93

[Text] The Defense Preparation Year began on 15 February for the Antiaircraft Defense and Revolutionary Air Force, DAAFAR, with a ceremony presided over by Brigadier General Ruben Martinez Puentes, a FAR [Revolutionary Armed Forces] vice minister and commander in chief of DAAFAR. During the ceremony, which included a military review and took place at an air tranport unit, the DAAFAR commander in chief was presented with the FAR vanguard banner for DAAFAR achievements in 1992. Gen. Martinez Puentes said that in addition to effective training of DAAFAR personnel, among the most important tasks for this year are: to reach higher levels of food self-sufficiency, continue preparing the theater of operations, decrease the maintenance lag for equipment and armament, strengthen the political condition of the troops, and avoid accidents.

'Tourism Mart' Opens in Mexico

FL1702151393 Havana Radio Progreso Network in Spanish 1200 GMT 17 Feb 93

[Live telephone report by Nelson Notario Castro from Mexico]

[Text] The second Cuban tourism mart in Mexico continues on 17 February, following its successful opening yesterday. Mexico is among the six countries that give Cuba the greatest amount of tourism. The others are Canada, Spain, Germany, Italy, and Argentina.

A tourism mart is the presentation of a nation's tourism product, what the country offers in that sphere; and this exhibit is being held by Cuban and foreign tour operators. Present here from Cuba are Cubatur, Cubanacan, Gaviota, Taino Tours—which belongs to Habana Tours—an insurance company, Habana Club Rum, the (Sedmet) Convention Center, and, for the first time, the camping enterprise, which has earmarked certain facilities for international tourism.

At this tourism mart, Cuba has confirmed that it is continuing to work to obtain, attract 1 million tourists per year as of 1995. To achieve this, Cuba will need to increase its hotel capacity and have an infrastructure of 30,000 rooms.

At a news conference held here inside the mart, high-ranking Cuban tourism officials Luis M. Cantillo of Cubatur and Alberto Cardenas of Cubanacan admitted Cuba would be willing to receive U.S. tourists if the U.S. Government eliminates the obstacles U.S. citizens must deal with to travel to Cuba. They explained that tourism is Cuba's third largest source of income in foreign currency.

Mexican Tourism Undersecretary Ismael Orozco attended the opening of this Cuban tourism mart in Mexico. He cut the ribbon opening the mart. Cuban Ambassador to Mexico Jose Fernandez de Cossio also attended the opening. Minutes after the opening, Undersecretary Orozco told us the Mexican tourism authorities looked favorably on the expansion of Mexican tourism toward Cuba.

Ukraine Signs Cooperation 'Protocol of Intent'

FL1702003393 Havana Cuba Vision Network in Spanish 2320 GMT 16 Feb 93

[Text] Today the Cuban Friendship with the Peoples Institute [ICAP] and the Cuban-Ukraine Friendship Association signed a protocol of intent with the goal of increasing and establishing bilateral cooperation. The aim of this protocol of intent, signed by ICAP President Sergio Corrieri and (Viktor Passach), vice president of the Cuban-Ukraine Friendship Association, is to develop relations of friendship and cooperation between scientific-technical and cultural groups.

The document provides for the organization of specialized tourism groups, friendship brigades, and solidarity flights, and for the study of proposals for the creation of joint enterprises and other joint businesses. (Viktor Passach) said the Ukrainian people highly value the friendship of our people and thanked the Cuban Government for the medical care given to more than 10,000 children and adults affected by the Chernobyl accident.

Colombia Signs Sports Cooperation Agreement

FL1602222593 Havana Radio Reloj Network in Spanish 2041 GMT 16 Feb 93

[Text] The National Sports, Physical Education, and Recreation Institute [INDER] and its Colombian counterpart Col Deportes reached a cooperation agreement in different aspects of the sector. The document, which was signed on behalf of the Colombians by Carlos Arrango, director of the Colombian sports entity, arranges for 18 Cuban trainers and technicians, and one specialist to be sent to sports schools since Colombia is interested in a project dealing with these teaching centers.

Mr. Arrango also expressed interest in cooperating with the sports industry in production, mainly in baseball and boxing, and in arranging for an adviser for the Colombian Olympic Committee. Finally, the Colombian representation extended an official invitation to INDER Vice President Alberto Juantorena and Arnaldo Rivero to an international meeting on sports management.

Nicaragua Signs Medical-Technical Agreement

FL1602221493 Havana Radio Reloj Network in Spanish 2032 GMT 16 Feb 93

[Text] A medical-technical and humanitarian aid cooperation agreement between Cuba and Nicaragua came into force today as the result of a signed document which establishes the arrangements on the matter. Nicaraguan Health Minister Martha Palacios and Cuban Vice Health

Minister Jorge Antelo agreed on the imminent arrival of 25 Cuban doctors, specialists, and technicians in Managua.

Also established was a method of selecting and dispatching to Cuba Nicaraguan patients, who due to the nature of their clinical etiology cannot be cared for in Nicaragua. In comments made to the press, Minister Palacios praised the attitude demonstrated by our doctors over more than a decade of free cooperation in Nicaragua as well as their great feeling of solidarity and willingness to work in places where few natives want to go.

South Africa's Hani Brings Greetings From Mandela

FL1602155593 Havana Radio Progreso Network in Spanish 1200 GMT 16 Feb 93

[Text] President Fidel Castro has met with South African Communist Party Secretary General Chris Hani and the delegation that accompanied Hani on his four-day visit to Cuba. During that fraternal conversation, in which Politburo member Jose Ramon Balaguer also participated, various aspects of the current international situation were discussed, particularly the most recent events in South Africa.

Hani also conveyed to Fidel Castro greetings from Nelson Mandela, in which Mandela expresses his pleasant memories of his stay in Cuba and of the solidarity he got from the Cuban people.

Dominica

Minister 'Concerned' U.S. May Reject Banana Regime

FL1702135293 Bridgetown CANA in English 1142 GMT 17 Feb 93

[Text] Roseau, Dominica, Feb 17, CANA—Trade Minister Charles Maynard thinks the United States should not object to a new banana regime agreed on by Europe. The agreement, about to be passed into law and due to take effect by July, places a tariff on Latin American "dollar" bananas, giving African, Caribbean, and Pacific fruit some protection on the single European market.

The banana regime has to be discussed at the level of the general agreement of tariffs and trade, where Maynard is concerned that Washington in support of the Latin American lobby, could object to it.

"It may be that they may not wish to support it, but at least they should not object to it," Maynard told the Caribbean news agency. He said the main proponents of free trade should support measures meant to give Third World countries some level of continued protection.

"Even though the United States are putting across (the idea of) free trade, there are a number of things to be kept in mind: within the North American Free Trade (Agreement) itself that they have just negotiated, there are similar arrangements, namely arrangements for sensitive agricultural products and others where you have a ten and up to 15 years phasing in period," the trade minister observed.

He said the United States continued to provide support and subsidies in different ways for agriculture.

Haiti

FNCD Warns of Civil Disobedience

FL1702223293 Port-au-Prince Radio Metropole in French 1700 GMT 17 Feb 93

[Text] Following the 16 February strike, the National Front for Change and Democracy [FNCD], has warned they will begin acts of civil disobedience if the Bazin government does not resign. The FNCD members met with the press today. Edner Jean has the following report.

[Begin Jean recording] FNCD members hope a final solution will come out of this meeting today. Evans Paul states that the responsibility of this solution is incumbent upon responsible political leaders, who are aware of the necessity for an immediate solution to the crisis based on the negotiated return of Father Aristide. The mayor-elect of Port-au-Prince also pointed out that our politicians now must understand that the Army no longer has the moral or constitutional authority to take power or give it to one of its fold.

As for Senator Turneb Delpe, he calls on the international community to confront its responsibilities. Sen. Delpe insisted that if the UN and the OAS really want the Constitution to be respected, those organizations must stop negotiating with Prime Minister Marc Bazin, who was dismissed by the Senate of the Republic. For the political parties opposed to the current authorities, Delpe demands unity and an unselfish effort so that the country's authorities cannot continue to benefit from the parties' differences. The FNCD senator pointed out that on the other hand the Haitian political classes are going through a crisis of trust.

FNCD proposed at the beginning of the meeting a three-point resolution, which is now under discussion in the meeting room at the Holiday Inn Hotel. The resolution provides for the resignation of Prime Minister Marc Bazin. The FNCD, in a sense, gave an ultimatum to the current government for its replacement by a government of national accord.

Several political leaders are attending this meeting, which will perhaps end by 1300 with a final resolution by the different political parties. The presence of Jean-CLaude Roy should be noted as well as several representatives of the Movement for National Reconstruction, Max Dubois; Louis Dejoie of the National Agricultural and Industrial Party; and Doctor Sylvan Jolibois, Eddy Volel, and Serge Beaulieu, who had some reservations regarding the FNCD proposals.

Serge thinks that the organization that supports Father Aristide should remain open to other solutions and not propose one solution to the crisis. Right now, the political parties are in discussion and perhaps within an hour a resolution will be issued from this meeting. [end recording]

Citizens Congratulated on Rejecting Strike

FL1702210293 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 17 Feb 93

[Text] In a communique issued on 16 February, the government of Marc Bazin congratulates the Haitian people and all the sectors in the country that refused to take part in the strike on 16 February. According to the communique from the prime minister's cabinet, this is not the time to fight each other. These times call for union and accord. The communique notes that the government has just signed a very important agreement which authorizes a civilian mission to come into the country.

The government thinks it took a principal step toward a solution in the political crisis and invites the Haitian political sector to follow the example of the Haitian people in controlling their ambitions. The communique ends by stating, quote, in the difficult phase that the nation is facing right now, all Haitians should work hand in hand to lead the country efficiently, unquote.

Rene Theodore Congratulates Strike Participants

FL1702225793 Port-au-Prince Radio Metropole in French 1700 GMT 17 Feb 93

[Text] Concerned sectors have expresed different opinions about the 16 February strike. In the capital, the movement was barely observed. However, several schools were affected and public transport was slightly slower. In the provinces, especially in the south of the country, the strike especially affected schools, the business sector, and public transportation. On the other hand, the day was almost normal in the Artibonite and the northern region. Most sectors of activities were almost normal.

However, Rene Theodore, the main instigator of the strike, talks of success. The leader of the Movement for National Reconstruction [MRN] congratulated those who followed his orders.

[Begin Theodore recording, in Creole] The strike allowed different sectors in society to find a clear position. It allowed us to confirm that the main concern is the willingness to return to constitutional order and normalize the country's situation with the reestablishment of governmental legitimacy. If, in each sector, the determination was deliberate, the only apparent exception was the Chamber of Commerce, which immediately met, for the first time during a political strike. No one asked them to nor was their support or advice asked for.

No political party dared to take an open position against the strike. The only political party [as heard] that took such a position was the Chamber of Commerce of Haiti. Fortunately, the Chamber of Commerce cannot pretend to represent the political position of citizens in business, who are members. However, the note was well taken.

The strike was important in another way. With the joint call of political parties, grassroots organizations, and labor unions against Bazin, the strike provoked a unitarian dynamism among the democratic organizations that was almost lost and which the people have always demanded for the success of the democratic struggle. The MRN congratulates the Haitian people, a majority of whom followed the political watchword in order to dismiss the free ride [dasoman] government of Marc Bazin. [end recording]

Chamber of Deputies Elects Second President

FL1702214393 Port-au-Prince Radio Metropole in French 1700 GMT 17 Feb 93

[Text] Following the Senate, the Chamber of Deputies now has two presidents. A new office was indeed installed on 12 February at the lower chamber during a session held by the deputies of the Alliance for the Parliamentary Cohesion and the Socialist Bloc.

Deputy Antoine Joseph from the Alliance is the president of the new office at the lower chamber. The vice president, Yves-Pericles, comes from the socialist group. The election was held by the lower chamber during a feeble attempt to resume its activities after the very difficult session in National Assembly on 5 February.

Opposition deputies, as well as the president of the other office, Alexandre Medard, rejected this election, arguing that the fifth session has not yet opened. Alexandre Medard refuses to give up his office to benefit the new president, Antoine Joseph, who has been forced to occupy the office of the vice president. Just as in the Senate, there are two offices for the Chamber of Deputies.

St. Lucia

Opposition Leader Calls for Constitutional Review

FL1702173793 Bridgetown CANA in English 1643 GMT 17 Feb 93

[Text] Castries, St. Lucia, Feb 17, CANA—St. Lucia's opposition leader Julian Hunte has called for a review of the island's constitution "to strengthen the process of accountability."

The leader of the opposition St. Lucia Labour Party (SLP) made the call while addressing a one-day seminar on Monday, organised by the audit department here, at which the role of the public accounts committee was also discussed. Hunte, chairman of the committee, said that he had been unable to convene a meeting of the group for

a number of reasons including the absence of clearly defined terms of reference to ensure that the committee's work proceeds unhindered.

"The records show that the first report of a public accounts committee in 21 years was made to the House of Assembly on February 2, 1987, but to date there has been no action by the House of Assembly on the report," he said. The present accounts committee, first appointed in 1987, was in the process of reviewing the report of the director of audit for the year 1986, he said.

"It is my view that it would be impossible for the work of the committee to move forward in any meaningful way unless and until a serious review (of the process) is undertaken..," he said. "In the meantime it is my considered opinion that the Constitution of this country needs to be reviewed as a matter of urgency in order to strengthen the process of accountability."

Hunte said that since the 1992 general election, he had been reluctant "to accept the chairmanship of the public accounts committee ... But did so eventually on condition that my reservations will be addressed." Hunte also wants parliament to discuss an auditor general's act which would clearly spell out the functions of the person holding the office. He is also urging that the standing orders of the St. Lucia Parliament be amended to "enable the examination of accounts showing the appropriation of sums granted by parliament to meet public expenditure..." He also wants an increase in the present membership of the committee and that adequate staff be provided to the group.

"Public accounts committee hearings for taking testimony should be open to the public and the media. However, in camera meetings shall be allowed at the discretion of the chairman," Hunte said. "This would necessitate an amendment to the current legislation dealing with committees."

El Salvador

Economy Minister Resigns, Appointed to New Position

PA1802042993 San Salvador Canal Doce Television in Spanish 0307 GMT 18 Feb 93

[Text] Economy Minister Arturo Zablah resigned on 17 February to occupy the position of presidential commissioner for international commercial negotiations. One of his main duties in this new office is the formation of the Central American Economic Community.

[Begin Zablah recording] I have resigned from the Economy Ministry to devote all of my efforts to a plan that includes broadening foreign markets that are compatible with our exports. [end recording]

This, basically, will be Zablah's duty now that the president has appointed him to this new position. Zablah had been economy minister since June of 1989. Citing a report on his three years at the ministry, Zablah felt that they were satisfactory years.

[Begin Zablah recording] We overcame the power crisis by installing new turbines. We will be self-sufficient for at least the next three years. I should also mention that based on a more realistic system of power rates, there will be no increases this year and the Lempa River Hydroelectric Executive Commission will be able to pay virtually all of its expenses and debts. I have also achieved salary increases. I have always maintained that inflation should be corrected through salary increases. [end recording]

Regarding his new position, Zablah said that the commissioner will coordinate the consolidation of Central America's economic integration process, aimed at establishing the Central American Economic Community within the medium term. For the time being, the name of the official who will replace Zablah at the Economy Ministry has not been disclosed.

Guatemala

Bombs Destroy Bank Offices in Guatemala City

PA1702124793 Panama City ACAN in Spanish 0635 GMT 17 Feb 93

[Excerpt] Guatemala City, 17 Feb (ACAN-EFE)—The front offices of four banks in Guatemala City were destroyed by bombs in the predawn hours of 17 February. The police and fire department reported no casualties.

Authorities also searched for explosives near the Belice and Incienso Bridges, the most important in the city, but the bomb threats turned out to be false.

The four bombs destroyed parts of the front offices of the Inmobiliario, Internacional, UNO y Granai, and Townson banks. The first two banks are located 1.5 km from the National Palace.

National Police Director Leopoldo Guerra blamed the explosions on "obscuring groups" [sectores oscurantistas], which he did not identify. He said the attacks are taking place while the UN Human Rights Commission is discussing in Geneva the human rights situation in Guatemala. [passage omitted]

President Condemns Recent Terrorist Attacks

PA1702131693 Guatemala City EL GRAFICO in Spanish 16 Feb 93 p 6

[Report by Carlos Garcia Urrea]

[Text] Guatemala City, 16 February 1993—President Jorge Serrano said there is nothing worse for a country than terrorism. He condemned the attacks on the Solidarity Action Movement and the Guatemalan Christian Democracy [DCG] headquarters and the threats against DCG political leaders who met with Guatemalan National Revolutionary Unity leaders in Mexico. Serrano also condemned the attack on Marta Altolaguirre's father.

Serrano said he was told about these incidents when he was in South America. Serrano added that it makes him sad that these incidents are still occurring in Guatemala. Serrano stated he spoke immediately to the vice president and gave instructions to start an investigation and follow up.

Serrano added that these acts are all acts of terrorism that seek only to create an artificial climate of instability. He said: If "they" do not agree with something, they should come out and say it. They should let people know who they are and have the honesty and courage to state their opinions like so many other Guatemalans.

Serrano said: They are wrong if they think these incidents will stop the government from trying to end the armed confrontation in Guatemala. Guatemala has a right to achieve peace and will do so. Serrano added that he prays to God to give him the strength to go on. The president said he hopes these people will make a mistake at some point so that they can be stopped and receive the punishment they deserve.

Serrano said that a return or reactivation of terrorism is the lowest thing that can be done to a country. He added that nothing is more critical or cowardly than terrorism.

Regarding the case of politicians who have received threats, Serrano said he spoke with DCG Secretary General Alfonso Cabrera and stated his concern. Serrano also issued orders to give those politicians the necessary protection.

Serrano recalled the time when he was a member of the National Reconciliation Commission. He was threatened many times for his participation in the meetings at Costa Rica and, above all, for attending the meeting in Oslo, Norway.

He said that the peace process is under way and will surely continue.

Serranista Members Charged With Drug Trafficking

PA1702025793 Guatemala City PRENSA LIBRE in Spanish 16 Feb 93 p 6

[Text] It has been officially reported that the Attorney General's Office will request a trial for three alleged members of the Serranista Coordinating Board on drug-trafficking charges.

The Attorney General's Office will ask Second Court Judge Carlos Alberto Villatoro Shunimann to order the gathering of evidence for the trial. The accused are Hector Rodolfo Mendez Orozco, who has been arrested, and Luis Rodrigo Bermudez Valenzuela and Esau Orellana Morales, who were released after paying a 15,000 quetzales bond. The accused carried identification cards from the Serranista Coordinating Board, which supported Engineer Jorge Serrano Elias during his presidential campaign.

Mendez Orozco had nine packages of cocaine in his possession when he was arrested on 1 October 1992. He worked at the Economy Ministry Legal Department and visited assembly plants to ensure they complied with operation regulations.

Evidence shows he was arrested at 40th Street and Bolivar Avenue, Zone 3, after visiting an assembly plant owned by Koreans. The name of the plant is unknown but it is located near offices of the Guatemalan Telephone Company.

Mendez Orozco said he handled at least 15 cases per week. He had 100 counterfeit 100 dollar bills in his possession when he was arrested.

Judge Villatoro Shunimann released Rodriguez Valenzuela and Orellana Morales after modifying the drug-trafficking and concealment of a crime charges.

Nicaragua

Deputy: Possible U.S. Envoy 'Negative Signal'

PA1702173993 Managua Radio Sandino in Spanish 1830 GMT 16 Feb 93

[Text] Jose Leon Talavera, deputy foreign minister during the Sandinist administration, has said that the possible appointment of John Maisto as U.S. ambassador to Nicaragua would be a negative signal from the U.S. Administration. Last year Maisto tried to get Violeta Chamorro's government to accept the creation of a board of notables to supervise the president's activities, clearly meddling in the country's domestic affairs. National Assembly Deputy Jose Leon Talavera said Maisto's appointment would mean a continuation of the hard-line position Republican administrations have maintained for 12 years. Talavera said if Maisto is appointed ambassador to Nicaragua, the Chamorro administration would have no other choice but to give its approval.

[Begin recording] [Talavera] The U.S. Administration would be giving a negative signal if it appoints someone from the old team at the State Department. There are professional diplomats with various characteristics in the State Department, and there is no doubt that Mr. Maisto represents a continuation of the State Department's hard-line policies. The international press has acknowledged that. I think that in these circumstances one would have to predict difficult relations between Nicaragua and the U.S. Government. I am saying this man might come to support the most radical and extremist groups that are the minority in Nicaragua. A new majority is emerging in Nicaragua. They are the people who want peace and normal relations with the United States. Unfortunately, such an appointment is a worrisome signal. It demands reflection and reaction from Nicaraguans who want peace. Let us hope this appointment is not confirmed. If Mr. Maisto is confirmed by the U.S. Senate, let us hope he does not continue his past practices as a diplomat.

[Unidentified reporter] What attitude should the Chamorro administration adopt when this man has a record of favoring the imposition of a board of notables that would practically be the power behind the throne?

[Talavera] I think it is going to be difficult for the Chamorro government to prevent this appointment. If there are no other reasons standing in the way and if governments do not want to create a confrontation, the countries receiving ambassadors have no other choice but to approve ambassadorial appointments. I think that due to Nicaragua's circumstances and the desire not to further complicate things, the Chamorro government is going to be obliged to give its approval. We will have to see how Mr. Maisto acts in Nicaragua. Let us hope he does not take sides because we have enough problems to resolve in Nicaragua without foreigners adding more fuel to the fire. [end recording]

Possible U.S. Envoy's Meeting With Chamorro Noted

PA1702041693 Managua EL NUEVO DIARIO in Spanish 15 Feb 93 pp 1,8

[Text] THE WASHINGTON POST reported on 15 February that President Bill Clinton could have designated diplomat John Maisto as ambassador to Nicaragua. The information published in the newspaper was confirmed by sources at the Congressional Foreign Relations Committee.

Maisto, deputy chief of the U.S. Permanent Mission to the OAS, became renowned this past September during his visit to Nicaragua where he displayed a considerable lack of subtlety and diplomatic finesse during his interview with President Violeta Chamorro.

During the private interview, the U.S. diplomat allegedly ignored Mrs. Chamorro's dignity as president of a country. He suggested, as a precondition for unfreezing U.S. aid, that President Chamorro appoint a council of outstanding personalities who would in effect take over the reins of the government.

Mrs. Chamorro, who is usually calm and tolerant in matters related to the United States, responded by stating that she had been elected by the Nicaraguan people and did not need any group of outstanding personalities to displace her from her duties.

The incident with Mr. Maisto was later disclosed to the press by President Chamorro. She stated that Mr. Maisto had showed up to the meeting with a notebook and with Mrs. Deborah Demoss, assistant to right-wing Senator Jesse Helms, who stipulated that changes must be implemented in the Chamorro government.

The changes pointed out by Mrs. Demoss included dismissing the National Police and Armed Forces hierarchy, as well as returning assets to all Somoza supporters currently exiled in the United States, who during the past years have adopted U.S. nationality. According to THE WASHINGTON POST, the U.S. mission in Nicaragua has been without a leader for a year, ever since the candidate selected by Bush, Mr. Sullivan, ran into difficulties during Senate hearings as a result of his alleged participation in an undercover plan to provide aid to the contras, which could have influenced the results of the 1990 Nicaraguan elections.

During the 1990 elections, President Chamorro ousted the Sandinist government that had remained in power for a decade as result of a revolution.

D. Ortega Meets Al-Qadhdhafi, 'Arafat

PA1702172693 Managua EL NUEVO DIARIO in Spanish 17 Feb 93 p 8

[Communique issued by the Secretariat of the Sandinist National Liberation Front, FSLN, National Directorate in Managua on 18 February, date as published]

[Text] Daniel Ortega, former Nicaraguan president and Sandinist National Liberation Front [FSLN] national secretary, arrived in Tripoli where he met with Colonel Mu'ammar al-Qadhdhafi, leader of the Libyan revolution.

During his tour of Arab countries, Ortega met with Yasir 'Arafat, leader of the Palestinian state, and with Habib Ben Yahya, the Tunisian vice president and foreign minister.

In these meetings, the parties reaffirmed their interest in resolving conflicts through dialogue and negotiation without resorting to the threat or use of force. The topics of conversation included a call to stop the blockade on Libya and the full application of the UN resolution on the Palestinian issue. They also rejected the expulsion of 400 Palestinians from their territory.

The leaders expressed support for the peace process in Central America and stressed the urgency of lifting the embargo against Cuba.

[Issued] Managua, 18 February 1993

[Signed] Secretariat of the FSLN National Directorate

Free Fatherland or Death

Cooperation Funds From Sweden Cut by 2 Percent

PA1802004693 Managua BARRICADA in Spanish 17 Feb 93 p 5

[Report by Dolores Rugama]

[Text] Alf Samuelson, deputy minister of external cooperation and human rights, visited Nicaragua to discuss bilateral cooperation for the next three years. He stated on 16 February that Nicaragua was one of four countries given priority status with respect to the international cooperation Sweden extends to 19 other nations.

Since 1968 Sweden has earmarked 0.7 percent of its gross national product for international cooperation. As a result of the current economic recession, Sweden has been forced to cut its international cooperation budget by 15 percent.

During a news conference with Foreign Cooperation Minister Erwin Kruger, Samuelson said: "To a certain degree, the budget cuts will have an affect on Nicaragua."

Cooperation funds earmaked for Nicaragua have been cut by 2 percent. The reduction is compensated by an amount allocated for reconstruction, which fluctuates between 5 and 6 million dollars.

Samuelson said that Nicaragua will benefit from 280 million Swedish kronor, in addition to 20 million kronor for its balance of payments.

Swedish cooperation is even more extensive if one considers the cooperation funds earmaked for energy and environmental projects, Samuelson added.

Kruger said that he and Samuelson discussed long-term cooperation and the sectors that will benefit from this assistance. This will serve to create more employment

They analyzed ways to support the energy sector to produce inexpensive electrical energy in Nicaragua, not only for internal consumption but also to stimulate economic development and to promote future exports.

Based on these conversations, Samuelson promised that Sweden would send a special mission to evaluate the possibility of financing energy projects in Monte Grande and Calpules.

Panama

Search To Find U.S. Missionaries Ends

PA1702214593 Panama City EL SIGLO in Spanish 17 Feb 93 p 75

[Article by Jose Gonzalez Batista]

[Text] Operation "Free Border" conducted by the Police Rapid Deployment Group (GERP), with the support of DEA and Southern Command officials, aimed at locating the three members of the "New Tribe" Mission kidnapped by members of the Revolutionary Armed Forces of Colombia (FARC) ended on 16 February, according to official sources.

After 16 days of search in the dense Darien Province jungles near the Republic of Colombia, the operation, in which 200 Panamanian counterinsurgency officials participated, ended without achieving the primary objective of rescuing U.S. missionaries Mark Rich, Richard Tenenoff, and David Mancken.

Official sources said, however, that the operation led to the arrest of 47 illegal immigrants, the discovery of six drug-processing laboratories, and the destruction of hundreds of hectares of marijuana and coca plantations.

According to President Guillermo Endara, the mission conducted by GERP was a complete success even though the missionaries, who were kidnapped on 31 January, were not rescued (primary objective of the mission).

Endara said, however, that the operation was able to make the FARC members withdraw from Panamanian territory and that a hard blow was dealt "on the drug traffickers" when a large number of marijuana and coca plantations were discovered and several drug-processing laboratories were destroyed.

The last and largest laboratory was found on 15 February during a GERP incursion into the Tacarcuna region on the Colombian border, where four Colombian citizens were arrested.

According to Cristobal Fundora, director of the National Air Service (SAN), in the next few days GERP members will destroy and burn the plantations, while inspectors from the Assistant Prosecutor's Office will be questioning the illegal immigrants arrested in Darien Province.

Fundora said nothing is known of the kidnapped missionaries, but Operation "Free Border" was a complete success due to the confiscation of the marijuana and coca fields planted by drug traffickers.

Ex-Attorney General Accused of Delaying Investigations

PA1702153693 Panama City EL PANAMA AMERICA in Spanish 14 Feb 93 p 1a

[Report by Juan Pritsiolas]

[Text] Solicitor General Donatilo Ballesteros accused former Attorney General Rogelio Cruz of deliberately delaying investigations surrounding 25 million balboas in frozen accounts to "force" the account owners into paying "hefty sums" to the currently suspended attorney general in exchange for releasing the accounts.

Ballesteros said that there is no doubt that the release of the funds benefited the lawyers who are defending Cruz. He added that this is proof that personal benefit did exist and that, on the contrary, decisions would have been made uniformly and not selectively as did occur.

On Wednesday [10 February] Ballesteros requested the Supreme Court of Justice to put Cruz on trial for the crimes of exceeding his authority, extortion, embezzlement, and illegally removing public documents.

Approximately 22 lawyers are involved in processing the release of frozen accounts, including Ricardo Landero; Efrain Villarreal; Gilberto Bozquez; Galindo, Arias, y Lopez; Arias, Aleman, Carrillo Gomila; Sucre y Sucre; Arias, Aleman, y Mora; Moreno, Arjona, y Bird; Raul E. Molina; Luis Vidal; Hector Infante; Julio Aleman A.; Rubio y Rubio; Omar Solano; Robles y Robles; Adolfo Mejia; Liliana de Him; Fernando Gutierrez; and the firm Solis, Endara, Delgado y Guevara.

The highlights of the hearing was the release of 13 million balboas frozen during Operation California, which former Attorney General Efrain Villareal secured. Solicitor General Ballesteros said that he has "given ample evidence that Villarreal is a former colleague" of Cruz at the Banco Nacional [BNP].

The cases processed by Villarreal include Colombian accounts linked to Cali Cartel member Jose Santacruz Londono deposited at the Banco del Comercio [Bancomer], Banco Cafetero, Banaico, [Banco] Internacional de Costa Rica, Interbanco, Bancoquia, Bancosur, and Merril Lynch.

After the accounts were released, several checks were issued in favor of private individuals and firms among which were Simar Joyeros, Petra Soriano, Ernesto Rosas, Maribel Ruffo, Raul Perales, Jose Maria Calderon, Manuel Icaza, Miriam Martinez, Universal Gold, Andres Salazar, Efrain Villarreal, and Candido Garcia.

Lawyer Petra Soriano, one of the people who benefited from payments and the only one to testify, stated that payments were a result of professional services rendered. She also said that Maribel Ruffo [Hernan Delgado's sister-in-law] and Ernesto Rosas were "kind enough to change the checks for her."

The document Ballesteros sent the Supreme Court supports the thesis that it was Heriberto Castro Meza, father-in-law of Jose Santa Cruz Londono and owner of the accounts frozen as result of Operation Calico, was the one really involved in drug trafficking and not

Santacruz Londono, despite the fact that New York authorities are maintaining an indictment against Londono.

The solicitor general also points to the release of accounts held with Banco Iberoamericano which were processed by Julio Aleman and another initiated by Fernando Gutierrez for more than 700,000 balboas with Isthmus Bank, as well as transfers made to frozen accounts in favor of Dudley and Associates.

The efforts made by Raul E. Molino to release more than 3 million balboas from Rafael Galeano's frozen account are also mentioned in the document. Part of those funds were transferred from the Banque Sudameris to the Rosas, Alvarez, and Infante law firm. The Moreno, Arjona, and Bird law firm also managed to unfreeze a millionaire account in the Deutsch Bank and Ricardo Landero and Jorge Rubio also carried out similar operations.

The document also highlights procedures used to release frozen accounts for other reasons, such as the efforts made by Jose De La Cruz Bernal, favoring Miguel Aleman Mendoza and Silvia de Aleman (who are Ballesteros' relatives) and by Rosas, Alvarez, and Infante firm, which received payments for 275,000 Balboas for Revolutionary Democratic Party leader Carlos Duque.

According to the official, the aforementioned lawyers did not declare those revenues in the corresponding fiscal period report.

Ballesteros maintains that Cruz knew perfectly well that the law does not allow the release of accounts frozen in cases related to drug crimes. The beneficiaries of the actions by the separated attorney general are the ones who have become his most "fervent defenders," perhaps, to hide that they were "accomplices" in his actions.

The separated attorney general is attempting to accuse Ballesteros before the Legal Council and will request that the court suspend the actions against him.

'Third Largest' Coca-Processing Laboratory Found

PA1602222593 Panama City LA PRENSA in Spanish 16 Feb 93 p 1

[Article by Manuel Alvarez Cedeno]

[Text] The Presidency of the Republic has stated that Panamanian police discovered in the Tacarcuna region on 15 February the largest coca-processing laboratory ever found in Darien Province. It was the third one found in the last two weeks.

The presidential communique also reported the arrest of four alleged Colombians, who were caught by surprise, which is why "they did not resist."

It was also reported that part of Operation "Free Frontier" was dedicated to the destruction of coca plantations, a task that will continue on 16 February.

Three illegal immigrants were also arrested, two Ecuadorans and an African from Ghana.

One of the Ecuadoreans was seriously ill with peritonitis and had to undergo emergency treatment by specialists participating in the operation.

"His arrest saved his life. He would have died in the middle of the jungle," a doctor said.

The arrested Ghanaian is under investigation by the Assistant Prosecutor's Office. At the time of his arrest he was carrying both Brazilian and Cuban passports.

According to Security Council Directer Menalco Solis, President Guillermo Endara will decide in the next few days if he wants to continue the "intensity" of the search for the kidnapped missionaries.

Solis said "Endara will receive all the necessary reports to evaluate the situation and he will then determine the proper time to reduce the intensity of the search operation."

U.S. missionaries Richard Tenenoff and David Mancken as well as Peruvian Mark Rich were kidnapped on 31 January by Revolutionary Armed Forces of Colombia (FARC) rebels in the Indian village of Pucuro. They have not been found yet.

Solis said that if the decision is made, "it is possible the presence of Panamanian policemen will not be as massive, although the search will continue."

Some 200 Panamanians, who are specialists in counterinsurgency operations, are combing the jungle region of Pucuro, Paya, and Tacarcuna in search of the missionaries. They have been unable to make contact with them or with the rebels.

According to Solis, however, the operation has allowed the authorities to develop a clearer perception of what is going on in Darien Province as far as drug-trafficking activity is concerned.

Even though they have not found the kidnapped missionaries, Panamanian policemen have found three coca-processing plants and five coca plantations. It is believed there are more. Some 40 illegal immigrants, including Brazilians, Peruvians, Colombians, and Ecuadoreans have been arrested.

Solis said that although they have "had certain reports on this type of activity, they have developed a greater understanding of it since being in the field."

Solis also said there is no official information on an alleged $3 million ransom for the missionaries.

German Office To Fight Drug Trafficking

PA1702030893 Panama City EL PANAMA AMERICA in Spanish 16 Feb 93 p 2-A

[Report by Orlando Mendieta]

[Text] German Ambassador Adolf Eberhart announced on 15 February that his government will establish an international liaison office in Panama to fight drug trafficking.

According to Eberhart, the office will start operating in April and have investigative equipment and personnel. The office will work jointly with the Judicial Technical Police [PTJ].

Eberhart stated that the establishment of this office in Panama is important because Germany must fight drug trafficking at the international level.

Eberhart added that Germany is concerned about drug trafficking, not only from Western countries but also from former Soviet Union regions.

Ambassador Eberhart's statements were made at a ceremony in which he donated vehicles, electronic communication equipment, and a patrol boat as part of a $100,000 aid package the German Government will give Panama.

PTJ Director Jaime Abad said this aid will help fight drug trafficking, which has become a transnational enterprise.

Abad said the establishment of a liaison office has been agreed upon since 1992, when he traveled to Germany at the invitation of Ambassador Eberhart.

Bolivia

Paz Discusses U.S. Drug Enforcement Policy

PY1702213493 La Paz LA RAZON in Spanish 12 Feb 93 pp A8-A9

[Text] President Jaime Paz Zamora said on 11 February that since new U.S. President Bill Clinton's installation, drug enforcement is no longer a priority in U.S. policy for Latin America.

Paz Zamora said the United States' main concern regarding Latin America is to make the economies more dynamic and to intensify economic exchange among the countries of the region, as established in the free trade agreement recently signed with Canada and Mexico. "These two projects, and the strengthening of democracy in the area, are top priority. Drug enforcement is no longer a priority," the president insisted.

The president maintained that by learning more about Clinton's new policy on Latin America, we can ensure a "brotherly" agreement between the United States and Bolivia.

Nothing To Complain About

President Paz Zamora admitted Bolivia cannot complain if the United States decides to reduce aid assigned to the alternative development program and to the Bolivian balance of payments. He pointed out the only thing we can do is reach a new agreement regarding the drug enforcement operations to be jointly conducted by the two countries.

"If one thing is changed, so are all the others. It is similar to a chess game. If one player moves one chess piece, this affects the other pieces as well. The United States moves one chess piece; Bolivia moves another. We will always have the freedom as a nation to do this," Paz Zamora said.

He added that he is willing to "serenely" accept any decision made by the U.S. Government regarding its policy toward Latin America, as long as one country continues to respect the other.

"The United States has the right to reorganize its budget and the allocation of its resources both at domestic and international levels. In the same way we establish our priorities at the domestic level," the president said.

1989 Levels To Be Surpassed

Despite all this, Paz Zamora appeared optimistic. Even if there is a cutback in U.S. aid the reduction will be smaller than in 1989, when the concept of alternative development began to be translated into actions. Paz Zamora said: "In any case, U.S. aid will remain greater than the amount granted in 1989." He said a reduction in U.S. aid does not mean aid will decrease to the levels in place at the time of the Cartagena and San Antonio meetings, when former U.S. President George Bush promised the Andean countries to increase the resources earmarked for drug enforcement.

Bolivia Fulfilled Its Obligations

Paz Zamora does not believe, however, that the United States will reduce its aid in 1993 simply because Bolivia could not meet the maximum objectives of the coca eradication program. "The U.S. Government knows better than we do that the coca eradication program and drug enforcement efforts yielded better results in Bolivia than in the other countries of the region," he added.

Paz Zamora said it is wrong to believe the U.S. decision is retaliatory. He explained that the U.S. Government is merely reorganizing its budget allocations, as promised by President Clinton during his electoral campaign.

Paz, Brazilian President Sign Joint Statement

PY1802010693 La Paz Television Nacional Network in Spanish 2106 GMT 17 Feb 93

["Joint statement" issued by Bolivian President Jaime Paz Zamora and Brazilian President Itamar Franco during a ceremony to sign the gas supply contract in Cochabamba—live; read by official announcer]

[Text] In response to an invitation from His Excellency Jaime Paz Zamora, the president of the Republic of Bolivia, His Excellency Engineer Itamar Franco, the president of the Federative Republic of Brazil, paid an official visit to Cochabamba, Bolivia, on 17 February 1993.

President Itamar Franco was accompanied by a high-level delegation made up of the ministers of foreign relations; industry, commerce and tourism; mines and energy; and communications; by the president of Petrobras [Brazilian Petroleum Corporation]; and by the president of Embratel [Brazilian Telecommunications Company].

Mr. Manfred Reyes Villa, the honorable mayor of Cochabamba, declared President Itamar Franco to be an illustrious guest of the city.

In an atmosphere of great cordiality the two presidents analyzed the status of bilateral relations, traditionally marked by a broad spirit of cooperation and friendship, and reaffirmed their governments' decisions to continue to strengthen and promote them.

The presidents also endorsed the political will, expressed irrevocably by their respective governments, to strongly promote cooperation in the energy area, considering the natural supplementation between the two countries.

In this regard the presidents noted that, especially in the past few years, negotiations over energy integration have permitted fulfillment of the various agreements reached both at governmental and entrepreneurial levels. This process was crowned by the Brazilian-Bolivian presidential meeting on 17 August 1992 in Santa Cruz. The major

documents signed at that meeting have made it possible for the two governments to sign the natural gas supply contract.

Consequently, pleased by the positive results of the bilateral negotiations under way since August 1992, the Bolivian and Brazilian presidents decided to release the following joint statement:

The presidents analyzed the fulfillment of the agreements signed at the presidential meeting of August 1992. They noted that the renewed spirit of friendship and cooperation marking relations between the two countries has been reflected by concrete steps forward, which have had a significant impact on the lives of their people, and by fruitful joint actions at the regional level.

The two presidents resumed the negotiations, held in an atmosphere of cordial understanding, between the respective officials of the energy and hydrocarbon sectors, representing Bolivian Government Oil Deposits—YPFB—and Petrobras, who drew up the natural gas supply contract. These negotiations were marked by the political will to consolidate the integration process between Bolivia and Brazil, with the priority objective of promoting the economic growth and well-being of the two countries.

The two presidents emphasized the significance of the natural gas contract signed on this occasion, the fulfillment of which will produce qualitative changes in the relations between the two countries because of its political and socioeconomic contents and the dimensions it has for the two nations.

In this regard the president of the Republic of Bolivia said that the sale of major volumes of gas, as is set forth in the contract signed by YPFB and Petrobras, will allow Bolivia to significantly increase its trading capacity and its ability to attract foreign investment, thus generating economic growth to the benefit of the Bolivian people.

The president of the Federative Republic of Brazil emphasized that implementation of the contract is a major step toward diversification of the energy sources in his country, which will have access to a clean, versatile fuel that will help stabilize energy supply levels and preserve the environment.

The two presidents expressed their determination to adopt the necessary measures for promptly implementing the natural gas supply contract. They especially agreed on the need to go deeper into the accords that were already established in the contract, with a view toward obtaining international financing and toward overcoming the respective fiscal barriers so that the project may be economically feasible.

During the Brazilian president's visit to Cochabamba, the Bolivian and Brazilian foreign ministers signed an agreement through an exchange of notes. This agreement proves that the two countries are firmly backing the contract signed by YFPB and Petrobras. In this regard, the agreement signed by the foreign ministers constitutes a political framework outlining the measures that the Bolivian and Brazilian Governments will adopt for implementation of the contract.

The two presidents emphasized the major role that the international private sector—especially the Bolivian and Brazilian private sectors—will play in the process of implementing all the stages of the project, the efficient implementation of which will further promote bilateral and consequently regional integration.

The presidents also emphasized the significance, from the viewpoint of bilateral relations, of an agreement signed on this occasion by Entel [National Telecommunications Enterprise], and Embratel, establishing cooperation mechanisms in the telecommunications sector.

The president of the Federative Republic of Brazil emphasized the launching of the Amazonian Initiative, which should develop and promote the mechanisms and instruments for integration between Brazil and Bolivia.

The president of the Republic of Bolivia welcomed the Amazonian Initiative, which he considered a major step in revitalizing economic integration schemes in South America.

On his own behalf and on behalf of his entourage, the president of the Federative Republic of Brazil expressed thanks for the expressions of appreciation and warm hospitality offered by the Bolivian people and government during his stay in the country.

Armed Forces Back Rapprochement With Chile

PY1702223793 La Paz LA RAZON in Spanish 11 Feb 93 p A2

[Text] The Defense Ministry yesterday issued a communique stating that "it respects the foreign policy" of the government of Jaime Paz.

The Defense Ministry thus clarified its position toward the sensitive area of foreign relations, after recent press reports said that the Armed Forces oppose the position of the executive branch in some foreign policy areas.

The reports suggested that the Bolivian military opposed the commercial rapprochement with Chile being promoted by Foreign Minister Ronald MacLean, who for this reason has been criticized by opposition politicians.

However, the Chamber of Deputies—where the progovernment party holds a majority—voted in favor of the policy of commercial rapprochement between Chile and Bolivia.

In order to clarify its position, the Defense Ministry issued the following communique:

1. The Defense Ministry respects the foreign policy of the national government.

2. The Armed Forces support all executive branch actions aimed at improving the bilateral and multilateral relations of the Bolivian state, because they benefit our country.
3. The defense minister and the commander in chief are the only authorized spokesmen who can give opinions and viewpoints on the position of the Armed Forces, and on such sensitive matters dealing with the national defense.

Brazil

Army Intervenes in Military Police Strike

PY1702211293 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 17 Feb 93

[Excerpt] The Army has circled the Rondonia State Government Palace to control the military police strike in the state capital, Porto Velho. General Cesar Augusto Nicodemus, who is commanding the operation, ordered all military policemen to resume their duties today, but many policemen did not obey the order.

At the moment the military policemen and their wives are concentrating on various Porto Velho districts. Yesterday, Rondonia Governor Osvaldo Pianna asked for the Army's intervention, because the situation in the state was out of control.

The Getulio Vargas Palace in downtown Porto Velho has been surrounded by Army soldiers since very early this morning. More than 50 soldiers have been keeping all demonstrators away from the palace, but the soldiers' presence was not enough to convince Governor Pianna to again work at the palace. Pianna's aides did not report on where the governor spent this morning.

The presence of the Army troops also ensured tranquillity at the Military Police 1st Battalion barracks after three weeks of strike pickets, which are organized mostly by the military policemen's wives and children.

The 17th Jungle Brigade commander general has just reported that the terms of the presidential decree have been complied with: The Army has taken operational control of the Rondonia Military Police, and order has been reestablished.

The Army command has released a note requesting that all military men on strike return to their jobs, stating that they will resort to the use of force if it proves necessary to ensure tranquillity in the state. [passage omitted]

Murderers of Environmental Leader Chico Mendes Escape

PY1802025093 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 17 Feb 93

[Report by Caco Barcellos from Rio Branco]

[Text] A little more than 10 years ago this would have been a rare activity at the largest prison in Acre: maintenance work. Three days after the escape of the murderers of Chico Mendes, men began work early this morning, on orders from the governor, to install iron bars between cells which until yesterday had doors made of cloth.

On the streets people claim that the capital, Rio Branco, has been besieged by police. There are barriers on all the routes out of the city. Policemen believe that the fugitives are still in the vicinity.

[Begin unidentified policeman recording] They are possibly still within the jurisdiction of Rio Branco, but I can't tell you whether they might not be in somebody's house. [end recording]

The first investigations have revealed that the murderers of Chico Mendes received outside aid to escape from this prison. The police suspect the involvement of two of the sons of farmer Darli Alves da Silva. Some 15 days ago one of them was collecting money in town. Many people in Rio Branco already knew his objective: to finance his father's escape.

By the end of last month one of the farmer's sons was here in this meat packing plant to sell 20 cattle. The owner refused to grant an interview, but showed the evidence: a receipt for the purchase of the 20 cattle, for 73 million cruzeiros.

Chico Mendes' widow organized a march of rubber gatherers from Chapuri to Rio Branco. They are expected to arrive tonight. Two rubber gatherers threatened with death were heading the march, worried and very fearful. They said that right after the escape the death threats had returned.

The union leader is on the list of people threatened with death. He has already been shot at on two different occasions. The greatest threats, however, aim at the most famous rubber gatherer from Acre: Osmarino Amancio, natural heir to Chico Mendes' leadership, who has been receiving threatening letters and telephone calls from a nephew of farmer Darli Alves.

Group Robbing Planes for Smugglers Arrested

PY1802023093 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 17 Feb 93

[Text] A gang specializing in the robbery of airplanes has been arrested in Sao Paulo. The head of the group is a pilot, and they committed at least four or five plane robberies every month. The targets were usually planes such as the Seneca or Sertanejo models, which because of their great flying range and ease in landing are favorite models for smugglers and drug traffickers.

About two months ago a Sao Paulo police team began investigating a number of these robberies. The victims are usually large companies and politicians, with the

planes usually being stolen from small airports in the interior of Sao Paulo, Parana, and Santa Catarina states.

To get to the gang of robbers was not too difficult. All the information led to one man, known as Chicao in the civil aviation world. He had been a pilot for 27 years, and is considered an ace in landing and taking off from any type of terrain.

Chicao was arrested with his son and three other robbers. This gang has been in operation since 1989, and had an office in Aguas de Sao Pedro, a hot springs resort. It was from here that these planes took off, with new paint and registration numbers, to be delivered to smugglers and drug traffickers who paid Chicao $15,000 for each stolen airplane.

The police managed to recover two airplanes stolen by Chicao's group. The others are reportedly being used by smugglers and traffickers on the route between Brazil and Paraguay. Several clandestine airports and airstrips are being watched. If any of these planes land at these places, they will be confiscated.

Visit by Iranian Foreign Minister Velayati

LD1602230293 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 2030 GMT 16 Feb 93

[Text] Foreign Minister Mr. Velayati, who is in the Federative Republic of Brazil to take part in the third joint commission with that country, has had a meeting with his Brazilian counterpart, in which they discussed bilateral relations and regional and international issues.

In his meeting with Mr. Velayati, Brazilian Foreign Minister Mr. Henrique Cardoso noted that Iran is a suitable trading partner for Brazil and described the cooperation between the two countries in various fields as very fruitful. Our country's minister of foreign affairs also expressed the hope that the third joint commission will be a turning point in the further deepening of relations between the two countries.

Mr. Velayati arrived in Brazil on Tuesday morning at the invitation of the Brazilian government.

Velayati Denies Interest in Weapons

PY1802014493 Madrid EFE in Spanish 2136 GMT 16 Feb 93

[Text] Brasilia, 16 Feb (EFE)—Iranian Foreign Minister 'Ali Akbar Velayati denied today in Brasilia that Iran is interested in purchasing weapons or in nuclear cooperation with Brazil.

"We are not buying weapons from Brazil," said Velayati, after attending the third meeting of the bilateral mixed commission with the participation of Brazilian Foreign Minister Fernando Henrique Cardoso.

The two countries promised to balance their trade, which is showing a deficit for Brazil, through the intensification of trade and the participation of Brazilian companies in Iranian strategic projects such as the Karum III hydroelectric project, sugar mill projects, and water treatment plants.

In 1991 Brazil sold goods worth $350 million to Iran, especially chemical and steel products, soy beans, and machinery; and purchased goods for $950 million, mainly oil. During a conversation with reporters, Velayati defended the death sentence imposed by the Ayatollah Khamene'i against British writer Salman Rushdie for his book "Satanic Verses."

A Brazilian company obtained the contract for the construction of the Karum III project, and other Brazilian companies are competing to win the bid to build sugar mills in the Juzastao Province (southeastern Iran).

Tomorrow Velayati will visit the Itaipu Paraguayan-Brazilian binational hydroelectric plant, which is the largest in the world. He will then meet with business and regional leaders of Sao Paulo.

Brazil is the first stop of Velayati's Latin American tour, which includes Mexico and Cuba.

Accords Concluded on Monetary Cooperation

LD1702142493 Tehran IRNA in English 1021 GMT 17 Feb 93

[Text] Tehran, Feb. 17, IRNA—Iran and Brazil Tuesday concluded a letter of understanding on monetary, transportation, technical, industrial, cultural and sports cooperation. The agreement was signed for Iran by Foreign Minister 'Ali Akbar Velayati and for Brazil by his counterpart Fernando Henrique Cardoso, in Brasilia at the end of the third Iran-Brazil joint commission.

The two sides agreed to raise exchanges through improvement of regulations and payment procedures. The banking officials of the two countries would meet at an appropriate time to work out possible banking cooperation including creation of payment procedures corresponding with the international banking methods. Establishment of offices representing commercial banks in both countries will be worked out to speed up banking cooperation. The Iranian and Brazilian export promotion centres, under their own regulations, would also actively work for promotion of mutual ties.

Cooperation between private sectors, establishment of joint chambers of commerce and promotion of marine transportation between the two countries was also agreed upon. Stressing cooperation in technological, technical and industrial fields, the two ministers consented on boosting economic ties through training and research cooperation, and transfer of technology. Joint investments would be made in this connection.

The agreement also covers cooperation in mine exploration, as well as know-hows about mines, agricultural researches, exchange of experts and joint investment in industrial and commercial fields.

In the cultural field, the two sides called for exchange of professors, holding of scientific and educational seminars, and exchange of technical know-how. They voiced their readiness to hold the fourth joint commission in Tehran next year.

In another development, Velayati who arrived in Brasilia Tuesday on a two-day visit, discussed mutual ties, and regional and international issues with Cardoso the same day. The two ministers stressed promotion of mutual ties. Velayati welcomed expansion of Tehran-Brasilia ties and Brazil's participation in Iran's second five-year development plan. He termed the third joint commission as a turning point in furthering mutual ties.

Cardoso ensured that efforts in the framework of Iran-Brazil joint commission would satisfy both the nations.

Velayati is to meet with Brazilian President Itmar Franco and speaker of the parliament during his stay in Brasilia.

Colombia

Escobar Personal Security Chief Surrenders

PA1802012193 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 18 Feb 93

[Text] Attention: A few minutes ago Arete [Carlos Alzate Urquijo] surrendered to the Medellin prosecutor's office. Carlos Alzate Urquijo is believed to be the man who heads the Medellin Cartel's armed wing. According to the authorities, Arete issued the instructions for the Santa Fe de Bogota terrorist attacks. There was a 100 million peso reward for his capture, and he was in charge of Pablo Escobar Gaviria's personal security.

Car, Art Collections Destroyed

PA1802015093 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 18 Feb 93

[Report by Carlos Mario Giraldo from Medellin]

[Text] Pablo Escobar's private vintage car collection was converted into smoking trash. On the evening of 16 February at least 60 men, presumably members of the clandestine Persecuted by Pablo Escobar [PEPES] group, arrived in jeeps at an industrial warehouse. They used fire bombs to destroy four Rolls Royces, two trucks Escobar kept as mementos of the Al Capone era, two Mercedes Benz, a Porsche sports car, several motorcycles, and personal belongings.

Even though the damage to the warehouse totals 10 million pesos, the losses surpass 3 billion pesos because the cars were totally destroyed. All the goods kept in the warehouse were part of the Monaco Building Collection that was dynamited by other Escobar enemies in January 1988.

The attacks against the drug trafficker continued on 17 February when for the second consecutive time unidentified people set a recreation home in the El Poblado neighborhood on fire. The residence, which contained works by Picasso, Botero, and Grau, had already been attacked on 15 February.

It is believed that these attacks are retaliation for the two car bomb attacks in Santa Fe de Bogota.

Country Home Dynamited

PA1802135193 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 18 Feb 93

[Excerpt] Pablo Escobar's country home La Manuela was dynamited a few hours ago by terrorists in Pueblo Viejo hamlet, El Penol municipality, 62 km east of Medellin.

Official sources confirmed to Emisoras Caracol that a group of heavily armed men arrived in several [words indistinct] next to the El Penol-Guatepec dam, forcing [word indistinct] Manuel Salazar Gomez, 27, to leave the building. The terrorists then proceeded to dynamite the country home and the stable. The authorities' report indicated that the buildings were totally destroyed, with losses estimated at 300 million pesos. El Penol authorities believe this action is a retaliation by the Persecuted by Pablo Escobar [PEPES] organization.

In the past this illegal organization has not only murdered men closely linked to the fugitive Medellin Cartel chief, but it has also set fire to the El Penol farm [name indistinct] belonging to Escobar's mother, to the El Poblado home of Marina Henao Vallejo, the capo's sister-in-law, and to Escobar's valuable collection of antique vehicles in a warehouse in Guayabal, Medellin. The PEPES have also planted car bombs at the entrance to an El Poblado residential complex where relatives of the most wanted man in the world live. The farm dynamited by terrorists last night in El Penol was named La Manuela in honor of Pablo Escobar's youngest daughter. [passage omitted]

Paraguay

Colorado President Abandons Senate Candidacy

PY1702211893 Asuncion ABC COLOR in Spanish 17 Feb 93 p 4

[Text] On 16 February Colorado Party President Blas N. Riquelme said: "I have given up my Senate candidacy in order to better administer the party and act more impartially. I promise all Colorado Party members I will not run for any position. This is the first contribution I am offering Colorado Party members to increase their belief in party authorities."

Riquelme is in the first position as candidate for Senate on the Wasmosy-Seifart ticket. He said party leaders are doing everything possible to solve the current crisis. He

pointed out: "I hope this decision to give up my candidacy contributes to the continuation of negotiations among Colorado Party candidates."

Riquelme said the Colorado Party crisis can be solved only through a political accord. "This decision is logical and natural. I have been working in the party and seeking an institutional, judicial, and legal solution to the problem. My decision is part of the political solution we are trying to find for the party's electoral problem," he emphasized.

Industry Concerned About Colorado Crisis

PY1702194893 Asuncion ABC COLOR in Spanish 17 Feb 93 p 13

[Excerpt] UIP [Paraguayan Industrial Union] Vice President Ruben Mujica has said the Colorado Party crisis is generating so much doubt that there is a lack of interest in investing and doing business in the country. After an ordinary meeting held last night at UIP headquarters, Mujica said: "No one knows how this will end."

Mujica stated that the main problem is not the Colorado Party crisis itself, but how to overcome it. He said: "I believe the crisis itself consists in not being able to achieve a solution. When speaking with people who have more experience, it sounds more like a puzzle. No one knows what will happen, either in the short or medium term." He described the situation as very serious. In view of this, Mujica said the Colorado Party must solve its crisis for the good of the nation.

He added that the UIP has discussed with great concern not only the Colorado Party crisis but the entire national situation. He said the crisis is affecting industrialists in general. He added that there is doubt and uncertainty at all national levels. Very discouraged, Mujica said: "We believe the current national situation undermines the economy. We are very concerned about it." [passage omitted]

Minister Rules Out Possible 'State of Exception'

PY1802121993 Asuncion NOTICIAS in Spanish 17 Feb 93 p 2

[Text] Foreign Minister Alexis Frutos Vaesken has rejected any possibility of declaring a state of exception. Some Colorado Party circles had hinted at this possibility in the search for a solution to the party's crisis.

Frutos Vaesken said: "I reject it even as a hypothesis because I deem it unnecessary. This democratization process is very solid because the Paraguayan people have promoted it with responsibility and firmness. It is not an improvised process."

He said the Paraguayan people are the protagonists of the country's democratization process, and they are prepared to live under a state of law.

He stated: "It is not demagogic to think that people were the great protagonists who accepted this process very calmly. I believe nobody should expect a state of exception or any other subterfuge that could disrupt the process."

Frutos Vaesken, a member of the mediating committee created to solve the Colorado Party's crisis, also suggested that the pro-government sector within the Colorado Party could accept certain demands posed by [presidential pre-candidate] Luis Maria Argana. He told the press that Argana's demands could be met as a last resort provided he accepts our choice of candidate for vice president.

Although Frutos Vaesken was voicing his personal viewpoint, it reveals a feasible hypothesis that circulates within the Colorado Party pro-government sector.

Frutos Vaesken said: "Argana's demands could be met as a last resort, provided he accepts our choice of candidate for vice president. Colorado Party supporters would agree with this proposal, and the party will be able to participate in the upcoming presidential elections."

EN Leader on Possible Alliance With PLRA

PY1702220393 Asuncion ABC COLOR in Spanish 17 Feb 93 p 6

[Text] National Encounter [EN] presidential candidate Guillermo Caballero Vargas has said that "all opportunities to guarantee this process and to support the country and its governability are welcomed, and should be studied calmly and impartially." This was his answer to a question on a possible alliance with the PLRA [Authentic Radical Liberal Party]. He said the great challenge for EN is to end the historic antagonism between Colorados and Liberals, "thus making possible a democracy that Paraguayans have sought for 180 years."

Caballero Vargas said his running mate Mavie Brusquetti is in permanent contact with her PLRA counterpart Juan Manuel Benitez Florentin. It was Florentin himself who announced the creation of a negotiating commission, made up of Federico Callizo and Senator Rodrigo Campos Cervera, which will try to work out a major opposition accord.

"We are open," Caballero Vargas said, "to talks that may guarantee us a hope for a change in our country. This can be accomplished through a democratic agreement. That is why we keep in touch with other political sectors, among them the PLRA. We are also talking with friends within the Colorado Party, who are genuinely concerned about this transition which must conclude successfully on 9 May."

Asked about reconciling the presence of Colorados and Liberals in a single alliance, he replied that this is the challenge of this new political sector. "We want to avoid continuing the conflict that has marked national politics

life over the past 100 years. That is why we are talking about refounding the Republic, and about the need for democratization of society in order to strengthen political institutions. The actual transition from an authoritarian to a democratic society will take place over the next five years. We should therefore understand that we are at a historic juncture calling for a government of national participation," Caballero Vargas noted.

Concerning the number of votes from working class and peasant sectors that the PLRA might contribute to the EN in the case of an alliance, Caballero Vargas said that a broader accord would strengthen the democratic process and give more governability to the country. In this regard he said that an increasing number of Colorado Party members are joining the EN, because he said: "The Colorados want to free their party from their leaders, who should be ashamed of the deplorable show at the party convention, in which 374 votes appeared in a convention attended by 370 delegates."

Asked whether he would agree to having Domingo Laino as his vice president, he said that the rank-and-file should be consulted on the matter, making sure that Liberals, EN members, and the other parties of the alliance considered the Caballero Vargas-Laino ticket to be the best option for the country.

Electoral Court Recognizes MID-26 Movement

PY1702200393 Asuncion ABC COLOR in Spanish 17 Feb 93 p 8

[Excerpt] Yesterday the Asuncion Electoral Court formally authorized the 26 May Democratic Independent Movement [MID-26], which backs Ricardo Canese for president, to actively participate in national politics.

Through this decision the new political movement becomes the first of the 12 groups supporting Canese's presidential candidacy to have fulfilled the procedures identifying it as a representative group. It will thus be able to act as a legal political group for two years. On 15 February, MID-26 members reasserted that they will continue to adhere to the Democratic and Social Coalition. [passage omitted]

Peru

Defense Ministry Extends State of Emergency

PA1702175193 Lima Radio Programas del Peru Network in Spanish 1700 GMT 17 Feb 93

[Text] The Defense Ministry extended the state of emergency for 60 days in Melgar and Azangaro Provinces in Puno Department, in Huanuco and San Martin Departments, and in Yurimaguas District in Loreto Department. The state of emergency was also extended in Pasco Department and in the provinces of Huancayo, Concepcion, Jauja, Satipo, and Chanchamayo in Junin Department. It was also extended in the provinces of Castrovirreyna, Huytara, and Huancavelica in Huancavelica Department and in the provinces of Lucanas, Huamanga, and Cangallo in Ayacucho Department.

Minister De La Puente Addresses CCD

PA1702230093 Lima Radio Programas del Peru Network in Spanish 1918 GMT 15 Feb 93

[Speech by Oscar de la Puente, president of the Council of Ministers and foreign minister, to the Democratic Constituent Congress, CCD, in Lima—live]

[Text] [Words indistinct] ...for the first time before the Democratic Constituent Congress [CCD] to report government actions from 5 April to 30 December 1992 when this renewed state branch was installed as a result of an honest election that involved effective popular participation on 22 November.

Messrs. Congressmen: We will present to you the program the executive branch has implemented since January 1993. We will give an in-depth and coherent report on eight months of actions that are part of an urgent need to carry out a profound and genuine structural transformation of Peruvian society.

We realize this is the path chosen by the country to establish the basis of a modern, prosperous, and democratic society. This is in keeping with the urgent needs and demands of our fellow countrymen and the international community, from which we should not and cannot break away.

Messrs. Congressmen, we will provide a summary of the joint work the legislative and executive branches must do in order to meet their responsibilities. We will also provide a summary of policies that my ministerial team plans to implement. Before that, however, I want to make a few comments as a preamble to the policy discussions. This will facilitate a better understanding of what we must do to accomplish this national effort. This effort has a profound patriotic meaning that involves finding and applying the most appropriate solutions to the multiple and complex problems that affect all Peruvians.

In July 1990 this government found a Peru immersed in a serious crisis characterized by accelerated hyperinflation, depleted international reserves, stalled productivity, terrorism and drug trafficking, enormous shortages of state supplied services such as education, health, housing, highway infrastructure, and a demographic explosion that has changed the country's profile completely.

The government found a Peru that was not in line with the efforts made throughout its history. In this crisis, the most serious and delicate characteristics pertain to moral values and a generalized absence of hope. Everyone knows the lack of moral values was undermining Peruvian society. Corruption, bribes, influence peddling, and economic agreements based on personal interests erected a negative barrier against Peruvians aspiring to have an

honest, progressive, humanistic, and united country, that is, the type of homeland all Peruvians want to bequeath to their sons.

It was difficult to have hopes amid this evil atmosphere. Scourges such as terrorism, drug trafficking, and contraband took advantage of despair to achieve their evil goals. That was the Peru we encountered. Peru was not only affected by negative economic and social situations, but also by a serious crisis of ethical and moral values. This called for a serious and orderly implementation of technically feasible projects, part of a comprehensive program involving the efficient involvement of all sectors.

I must also point out that the solidarity and patriotic cooperation of citizens is indispensable. The government urges them to join efforts in this struggle to help the country overcome this serious crisis. It requires a new rapprochement within society at large, a change in our outlook of Peru and its problems, and an effort to replace paralyzing apathy with dynamic interest.

We must realize that the situation we inherited is so serious that Peruvian society cannot be transformed as quickly as we would like. We must prioritize our efforts, although we have limited resources. We still need to make many sacrifices to overcome this crisis. We trust, however, that with efficiency and a profound spirit for self-improvement, we will be able to continue our basic goal of reversing the situation. This implies, among other actions, that we will improve our economic, financial, and social situation. This will ensure the reign of moral and ethic values, peace, better health, better housing, better nutrition, better education, and in general, a more prosperous standard of living.

We are approaching the 21st century and this calls for a modern Peru where everyone can hope for a better life. The government is not dodging this responsibility.

We have mentioned the sacrifice this serious crisis has meant for the Peruvian people. The government that Engineer Alberto Fujimori presides over wishes to convey its profound recognition of all citizens, especially the poor. We are aware that the Peruvian people are facing serious limitations, but you can be sure that this government has been working and will continue to do so with all its energy and with its greatest and most patriotic spirit. This is reflected in the coherent and structured actions, which I will discuss later and which are aimed at encouraging and easing the transformation of Peruvian society.

We come here with the broadest and most open democratic spirit to strengthen the bases and mechanisms of interrelations and cooperation between the legislative and executive branches. We are convinced of the imperious need to establish a relationship that will facilitate permanent and quick work by each of the branches of government, while at the same time, demonstrate concern and interest to forge ahead for the benefit of the country.

Messrs. Congressmen, on 5 April 1992, the government, headed by Engineer Alberto Fujimori Fujimori, adopted important exception measures, on a transitory basis, in light of the serious and almost unsustainable situation in the country, which jeopardized its very viability and existence.

This analysis is by no means an exaggeration. All Peruvians and all those who have investigated our problems, as well as all international observers, were well aware of the dramatic and apparent unsolvable Peruvian situation.

The important thing for us was to rescue the coinciding national demand for actions aimed at starting a vigorous modernization and renovation process for the nation's social structures and creating new institutions that may interpret the pacification and development needs, which are the most urgent demands of our people.

The government had already made an extraordinary effort in its first 20 months in power. This cannot be denied. With discipline, order, and defined goals, concrete results were obtained in such important topics as Peru's reinsertion into the international community, the orderly handling of the economy, control of hyperinflation, and the generation of an appropriate atmosphere of trust and stability.

At the same time, significant headway was obtained in forming the base for a state modernization process, for reduction of red tape, and for the privatization of public enterprises. The National Emergency and Reconstruction Government started an in-depth task of outlining and adopting a series of measures and initiatives that have substantially modified Peruvian society characteristics.

The basic laws that the National Emergency and Reconstruction Government established consist of the central goals to be attained during the special period of exception. This confronted national problems which include modifying the Constitution—a task that today is your direct responsibility, Messrs. Congressmen—the country's pacification, improving the market economy, modernizing and simplifying the state apparatus, and moralizing the justice system and associated institutions.

Although it is true that the economy is connected to nearly all other topics dealing with our country's development and the state's responsibility, the general consensus is to recognize the fact that the pacification process is today's number one priority. This can be explained by the negative effects of terrorism, which have caused not only death and destruction, but the destruction of the productive apparatus. This includes such negative consequences as investment withdrawals and reductions in tourism.

This is why the pacification policy was designed and carried out in an overall manner. It sought to return tranquillity to the country and to reestablish the state's authority throughout the nation, within the framework

of constitutional rules, human rights, and respect towards laws and international agreements.

The idea was to promote a policy that returned the people's confidence in the institutions that fight homicidal criminals, thereby motivating them to actively participate in this effort. We were trying to get the society as a whole involved in a national action of rejection and struggle against terrorism.

This policy would not have advanced unless many of the main causes of the crisis were attacked at the root. The government took control of universities and jails, which were genuine indoctrination and logistic centers for terrorists.

Today there is order, respect for hierarchies, and discipline at those places. They have become organizations aimed at the fulfillment of the objectives for which they were created.

The government decided to undertake a profound reform at the Judicial Branch. Peru could not accept the fact that criminals who were arrested were soon back on the streets committing crimes again. This was the result of judicial leniency or a lack of firmness and seriousness on the part of corrupt or cowardly judges.

If there is not a firm, orderly, and honest administration of justice, there cannot be progress or pacification.

Thanks to the highly specialized work that was efficiently carried out by responsible police organizations, terrorist leaders and activists were arrested.

I wish to stress the vital importance of the struggle against terrorism which is carried out by Peru as a whole. Genocidal terrorism is fought by working in spite of threats and by participating freely in the election of the congressmen and mayors. This deserves Peru's appreciation, and the government does not hesitate in conveying this recognition.

The government decreed legal norms to determine the legal framework for guaranteeing the activities of police and judicial organizations. It also established severe penalties for those perpetrating these crimes.

I must mention the norms that stipulate the acts of terrorism as treason to the fatherland. Those acts that are subject exclusively to military courts, and those acts that make it possible to sentence in their absence, persons found guilty of terrorism and treason toward the fatherland.

We must also note the Repentance Law, which is aimed at benefiting those who voluntarily and sincerely leave the path of terrorism and collaborate with society. We must note the norm that establishes sentences which include life imprisonment for teachers who promote terrorism.

These and other norms with identical objectives form the greatest stimulus that Peruvian society has ever received for affirming their rejection of terrorism.

The results of this overall picture were best expressed on 12 September when the Counterterrorism National Directorate [Dincote] after patient intelligence efforts, captured Abimael Guzman Reynoso, top leader of the Shining Path terrorist movement and 10 other terrorist criminals, among whom were members of the Shining Path Central Committee, Political Bureau and Permanent Committee, as well as from other so-called political commands.

This capture, which attracted national and international attention, has been the harshest blow dealt to the Shining Path's organized terrorism in its 12 years of criminal activity. The organization's structure has been seriously affected, which is proved by the subsequent and continuous arrest of activists from the self-styled Popular Aid [socorro popular] groups and from other pseudo-associations and genocidal regional and subregional detachments.

We have also efficiently fought the Tupac Amaru Revolutionary Movement [MRTA] as proven by the recapture of their leader Victor Polay and other members of that terrorist movement.

The government's effective struggle against terrorism is proven by the fact that up until 2 February, 2,386 alleged terrorist criminals were captured, of which 1,754 were members of Shining Path and 652 were from the MRTA.

Thanks to adequate legislation against terrorism, over 90 percent of the members of the top leadership of these perverse organizations are already in jail, and 110 of them have already been sentenced to life in prison.

This, gentlemen, constitutes very important progress in the defense of our country, and the government will not yield until it destroys this ulcer that has caused so much harm to Peruvian society.

Regarding the promotion of antiterrorist associations, the government has thrown its full support behind the self-defense committees and peasant patrols, whose self-sacrificing efforts are worthy of greater acknowledgement and are among the most suitable mechanisms for making progress in combating terrorism. Those profound efforts by the main victims of terrorism in Peru have facilitated considerably the defeat of terrorism in rural areas and have sent a message of courage and action to the rest of the country.

I must also point out the sacrifice of Peruvians like Maria Elena Moyana and Pedro Huillca, whose exemplary devotion and defiance of terror led them to give their lives and raise the awareness of people beyond our borders regarding the genocidal nature of terrorism. Current and future generations of Peruvians will be permanently grateful.

Our pacification policy has been efficient and courageous and will undoubtedly continue demanding broad efforts from the state and citizens in general. I must emphasize, as I said in my [words indistinct] our deep sorrow and deeply felt condolences to all the Peruvian families and institutions that are in mourning because of those criminal actions. The Peruvian people's well-known bravery and patriotism is evident once again. Terrorist actions have not changed our people's desire for democracy nor their fulfillment of civic duties, which is proof of their bravery and patriotic integrity.

The work done by the Armed Forces, National Police, and peasant patrols in this huge national undertaking demands our gratitude. We will continue working in solidarity. Together we will overcome terrorism. This pacification process will continue, and we will soon have a fatherland where peace and harmony prevail. Within this framework, the government does not hesitate to confirm its support for our Armed Forces and police institutions and to reiterate that it will throw all of its political and executive support behind our protective institutions' efforts to defend and benefit society. The government thus interprets the feelings of the majority of Peruvians, who have reaffirmed their confidence in our forces of order and have regained the conviction that their self-sacrificing effort is for the defense of people's lives and development and for their children's future.

Messrs. Congressmen, pacification cannot be severed from one of its basic elements: the enforcement and promotion of human rights. It is an issue about which the government is always concerned. It is an issue —we know this all too well—that is very difficult and delicate to deal with due to the specific characteristics of the situation generated by the criminal terrorist violence that has affected the country since 1980. Over the past few months, along with the laws established to combat and prosecute terrorists, there has been legislation to establish a system to protect and promote human rights. Among these actions we can list the creation of the National Human Rights Commission for the countryside; the establishment and operation of human rights offices at prefectures, subprefectures, and the offices of governors and lieutenant governors, where human rights complaints will be received; the establishment of procedural regulations to process human rights complaints; the establishment of the permanent secretariat of the National Human Rights Commission; and the creation and operation of the Directorate of National Pacification and Human Rights Defense within the structure of the General Staff of the Peruvian National Police.

These actions and the controls implemented to promote the pacification process while observing human rights have made the political, judicial, and police authorities and the very citizenry itself more aware of this sensitive issue and have clarified various cases of alleged violations. It is necessary to emphasize that the government itself will denounce and punish future excesses in the struggle against terrorism because it believes more than anyone that the legality of authorities' actions does not in any way exempt those authorities from the responsibility of observing human rights.

The international effort the country is making to prove that the leading human rights violator in Peru is terrorism is also relevant. Those efforts have resulted in resolutions issued by the UN Human Rights Commission, which approved by consensus a resolution presented by Peru with the cosponsorship of 34 countries. The resolution condemned the violent actions perpetrated by terrorist groups and drug traffickers, which hinder the full enjoyment of human rights. Similar initiatives have been set forth at other international forums with comparable results. Finally, the government has fully cooperated with worldwide and regional organizations and with nongovernmental organizations that promote and defend human rights. Those organizations have received updated information on the reality of human rights from the government either through requesting information or during visits to the country.

The government reaffirms on this occasion its profound respect for human rights. It will not allow the violation of the basic principles of social coexistence, and it will continue investigating and punishing any excesses perpetrated in this area.

Messrs. Congressmen, in our country, the pacification and the validity of human rights cannot be analyzed without taking into account the drug trafficking ulcer, which this government has inherited at alarming levels. It affects both the State and the people.

In order to strengthen the struggle against this social scourge, the government has issued legal norms aimed at allowing a coherent and overall handling of the topic. Among those, we must point out the norm that establishes a severe control on air traffic over production areas, the norm that incorporates money laundering into the penal code, the norm that establishes control and inspection of supplies and products used in the processing of drugs. We can also mention the norm that states that members of the Armed Forces and the National Police stationed in cocaine production areas are obligated to render sworn income and ownership statements. Also, among others, the norm that confirms the prohibition of court benefits for those found guilty of illegal drug trafficking.

Messrs. Congressmen, the scourge of drug trafficking and its nefarious consequences for society and the stability of the producing nations, demands an effective and realistic approach that may begin with the recognition of the responsibility of the group of nations involved. In this sense, the Fujimori doctrine defines the overall nature of the elements that form the program and makes concrete proposals to undertake it.

This doctrine recognizes that the responsibility for a global scourge cannot be based on the misery of the coca leaf growers, but on the corrupt networks that do not hesitate to exploit poverty or poison huge sectors of the

world's youth. Thus, there is a need to discuss the problem's social and economic aspects, not just its repressive stages.

This ulcer expands its actions to confront those governments that, like our government, are committed to fighting it. Terrorists, allied with drug traffickers, intend to undermine the very basis of organized society by spreading corruption and social disorder to try to attain a favorable atmosphere for their criminal activities.

Peru and its government will never yield in their struggle against the corruption spread by terror and drugs.

The third scourge that has been affecting our country is, I repeat, the crisis of moral values and the absence of a hope in the destiny of our fatherland. Peru was deeply wounded by corruption which, like a gigantic tentacle, had taken over institutions and persons, thus, taking from our country the possibility of overcoming underdevelopment.

President Fujimori and our government have undertaken a vigorous moralization campain which has not been limited to the cases I spoke of earlier involving judges, universities, and rehabilitation centers. They have also fought firmly against the existence of bad elements in, not only secondary entities, but also in entities of the highest importance in our country.

The struggle against contraband, the embezzlement against the Navy, the Military Industries of Peru [Indumil] incident, and other cases cannot be subject to the traditional policy of starting from scratch. In these cases we will not apply the X-minus-two formula, but that of X-to-the-N-power. [As heard] No entity will be sidelined by this profound moralization task.

Messrs. Congressmen, investigating and moralizing does not mean taunting people or their reputation, for the damage may be irreparable.

Messrs. Congressmen, as I said at the beginning of my report, in order to ease this presentation of the government's activities, I will now explain the government's policies and actions.

We have already reviewed some of the substantive characteristics of the very delicate economic situation found by the government. The Peruvian economic crisis was then referred to, by outstanding economists and analysts, as the most serious economic crisis of this century. The qualification given to it does not fully reflect the dramatic effects this crisis has had on the large majorities by imposed limitations and sacrifices, which the people have assumed in a stoic and responsible manner.

Bearing in mind that the government's economic program has a rigorous continuity in the development of its objectives since August 1990, we have deemed it convenient to make, before you Messrs. Congressmen, an overall presentation not making a specific distinction of time with regard to the actions undertaken only in the period between April and December 1992. This is precisely due to the program's continuity and the fact that its actions are continuous.

The basic objectives of the economic program are fighting inflation, seeking the viability of the economy abroad, establishing solid bases for long-term growth, and supporting the least favored sectors. With regard to the first objective, the inflation has maintained a decreasing trajectory, with its 1992 level being the lowest in the last 15 years. It is expected that in 1993 it will be around 30 percent and that in 1995 it may reach international levels.

Regarding the other goals, the confidence of international creditors has been restored, and we have begun to clear up overdue debt with multilateral organizations. Those organizations are again paying out, and we are negotiating a foreign debt reduction plan to find a permanent solution to the matter. To guarantee society's continued growth, we are carrying out a broad structural reform program to establish a new development pattern, modernize state institutions, strengthen economic administration institutions, and encourage the private sector's participation in the economy.

The stabilization program is based, as a first priority, on a drastic reduction of inflation through disciplined monetary handling that eliminates financing the public sector deficit and through an austere fiscal policy that gives priority to increased tax collection and rational public spending. One of the pillars of this program has been a clearing up of public sector financing, which has permitted a curtailment of internal treasury financing requirements, an end to distortions caused by indiscriminate subsidies, and improved fiscal spending and investment capacity. Establishing a cash box committee put public spending in order and adjusted it to available income.

Strengthening the treasury's collection capabilities and struggling against tax evasion and contraband were basic objectives of the fiscal policy. A series of measures were taken, among them I must emphasize the reorganization of the tax structure, reducing the number of taxes to only five and eliminating approximately 60 small taxes that did not yield enough income to warrant the collection efforts.

The General Sales Tax [IGV] has been increased to 18 percent, and its base has been broadened to make it a general tax. The income tax has incorporated the concept of a minimum 2-percent tax on business assets and has established financial indexation.

In general terms, consumption taxes have been preferred over taxes against productive investments as a source of income. Likewise, state income has been centralized, and in the case of rates, they must be in proportion to the cost of the goods or the services rendered by some public organization.

The tax reforms have taken place through the restructuring of all aspects of the National Superintendency of Tax Administration, Sunat, and the design of new control and supervision procedures for taxpayers. The Sunat has increased its collections through control operations, has increased the number of taxpayers, and has unified its registry. The Sunat has increased to 2,000 the number of main contributors, and it plans to raise that number to 5,000 over the next two years.

The new tax code and the application of the Special Tax Regularization Benefit, BERT [Beneficio Especial de Regularization Tributaria], deserve a special mention.

Reforms to the customs administration meant restructuring the National Customs Superintendency, Sunad, to strengthen the fight against contraband. The new general customs law has been promulgated, as well as Sunad's internal law and the new Andean tariff list. Paperwork has been streamlined by centralizing it to a single window. Checks on customs brokers and import and export firms have been stepped up, and drug trafficking controls have increased through the narcotics brigade.

Changing public tariff policies have been an important element in the fight against inflation, because its reasonable handling has a great bearing on tax income and the inflation rate expected by the people. A technical tariff commission was established in October 1992, and it is in charge of coordinating and regulating the work of all commissions, taking its final proposals to the Private Investment Promotion Commission, Copri [Comision de Promocion a la Inversion Privada], for approval. This system is intended to prevent excessive increases of certain tariffs while others fall behind.

Strengthening the fiscal sector has allowed effective efforts against tax evasion, achieving in real terms an increase in the tax pressure to 5.7 percent of the GNP during the second quarter of 1990 to 9.5 percent in 1992. The fiscal deficit was reduced during the same period from 13.3 percent of GNP to 2.3 percent. No printing of currency to finance the public sector has been required since the end of 1990.

The Central Reserve Bank [BCR] continued its policy of adjusting currency issuance in accordance with desired inflation levels.

The BCR maintained its policy of recovery of the real exchange rate and of remonetization of the economy by providing economic agents with enough means of payment to carry out their normal economic activities.

In doing so, the government maintained its policy of promoting trust in our monetary unit to increase the system's liquidity without generating inflationary pressure.

For those three reasons it was decided that emissions should increase only on the basis of foreign currency purchases by the BCR. In 1992, the BCR acquired $659 million. In addition, the bank used other monetary policy mechanisms such as discounts, open market operations, and actual cash reserves. Discounts were used to support banks facing temporary liquidity problems. Surplus public funds resulting from fiscal circumstances were used for that purpose. Open market operations were conducted to check possible excesses in primary emissions.

Finally, to promote financial operations in national currency, the BCR maintained its policy of reducing cash reserve requirements.

The policies on currency exchange controls, the floating of the exchange rate with respect to the dollar, and the free flux of capital in foreign currencies were maintained and have contributed to the formal establishment of foreign exchange markets and have served to reverse the flight of capital, something that has significantly helped the country's balance of payments and produced a significant increase in foreign reserves.

We have continued vitalizing the financial system and maintained the elimination of controls on interest rates, which were fixed competitively by the banks. Savers have benefited from those measures and currently receive interest rates that are above the inflation rate. However, some financial institutions that in previous years adopted inadequate credit policies were not prepared for the competitive framework created by the liberalization of interest rates. Those institutions, the deterioration of which was obvious even before the program was implemented, went bankrupt and are now being liquidated.

To guarantee the solidity of the financial system and to avoid bank crises, the Superintendency of Banks and Insurance Companies has thoroughly reviewed the loan and discount departments of commercial banks. Although passive interest rates are now at a level that, generally speaking, is positive for savers, the cost of credits is still high and negatively affects the productive sector. It is necessary to decrease financial spreads to reduce that cost. It will be possible to do so once inflation is checked and banks increase their operational volume, clean up their loan and discount departments, and seek a reduction of their intermediation costs. In addition to reducing inflation, we have been able to recover the BCR's net international reserves. From the minus $105 million situation that existed in June 1990, the BCR reserves exceeded $2 billion at the end of December 1992. I must point out that in 1992 we were able to increase the banking system's net international reserves to $2.426 billion, a level that had not been reached in the past 22 years. In 1990 that reserve was one-fourth of what it is now.

Improved savings rates have produced a rebirth of trust in the financial system. An expression of that is the 117-percent increase in national currency deposits and the 397-percent increase in foreign currency deposits. One important economic advancement has been the country's reinsertion into the international financial

system. Following years of moratoriums and conflicts with creditors, the government has been able to reinitiate negotiations, make payments, and restore the country's image as a valid borrower. Everybody knows how economically harmful it is to live internationally isolated in today's modern world. Peru could not continue that way. When its international financial credibility was harmed, the people were harmed. We have struggled for reinsertion and to recover our international image and credibility. Now we are being viewed differently, and that opens the doors to credits and investment and to general progress. The sequence of the reinsertion process is well-known. It meant the creation of the Support Group and the normalization of relations with multilateral organizations. Later it was possible to initiate negotiations with other creditors. The support provided by the Inter-American Development Bank [IDB] deserves a special mention. As soon as our situation was remedied, it agreed to cofinance with Japan some credits, the latest of which totaled approximately $200 million. Regarding the IMF, the so-called Accumulation of Rights Program [Programa de acumulacion de Derechos, PAD] fixes quarterly goals based on the objectives of the stabilization program.

Based on compliance with the agreement, the country is obtaining special drawing rights, such as bonds it must accumulate for the sum of the overdue debt. In terms of the implementation of the PAD, Peru has successfully met the proposed goals. After that, the country will be able to carry out operations to bring its arrears to date during the first quarter of 1993. We will bring our arrears with the World Bank up to date in the first quarter of 1993 through a $988 million stopgap loan. We have contracted three loans for structural adjustment in the commercial and financial sectors. Part of those loans are to be disbursed in cash, and the balance will serve our arrears with the World Bank up to date.

Regarding the bilateral debt with official creditors, it was reprogrammed in 1991, as everyone knows. The negotiations within the framework of the agenda agreed upon at the Paris Club concluded. The main achievement has been the six-year postponement of the arrears on the loans that were agreed upon after 1983, which had become due starting that year. This was the first time the Paris Club has granted this opportunity to a debtor. We are currently keeping the obligations Peru has promised to pay. In accordance with its financing plan, Peru will again ask for an extraordinary reprieve on the overdue debts that have accumulated during the reprogramming.

Regarding international banks in the process of normalizing relations, commercial banks decided to drop pending legal actions in November 1992 after Peru pledged to renounce the right to allow the debt to prescribe. Those negotiations concluded, and we are currently holding talks to restructure the debt with banks at market prices. We continue to postpone part of our payments with our creditors in Europe, the East, and China, as well as with our suppliers without guarantees, until the respective negotiations are concluded.

We are radically transforming the economy's structural model with the goal of changing the pattern of accumulation, modernizing state institutions, and, in general, giving incentives to private initiative in economic activities. The reforms constitute the bases for the country's future development and in the long term will boost investment, competitiveness, and the welfare of the people. The aim of these reforms is to replace the old pattern whereby development and industrial growth were sought by substituting imports with a pattern that utilizes comparative advantages and promotes exports and competitiveness in the internal productive sector. The distinguishing characteristics of this process have been strengthened by seeking the gradual elimination of obstacles to foreign commerce as the means to stimulate economic competitiveness. We have eliminated most of the tariff restrictions on imports, and we are trying to establish a unified 15-percent rate in the future. It is advisable to refer here to the government's decision to suspend temporarily the Peruvian participation in the Andean Pact integration process. The government is aware of the enormous importance of subregional integration as a means of reaching expanded markets so it will be possible to have economies at a scale that is sufficient to compete at the international level. The special situation of the Peruvian stabilization program is incompatible in the short term with the measures required in the integration process. Through bilateral agreements that have already been signed, however, we are continuing the process.

The government is promoting private investment. It has issued a series of orders on this matter, such as allowing private enterprises to obtain concessions to provide a number of public services that were previously in the hands of the state; meaning, energy, water, roads, telecommunications, and port services. We have made the land market more flexible, allowing corporations to own them and eliminating limits on the size of agricultural properties. We deregulated the rent market to promote private investment in housing. We signed the Overseas Private Investment Corporation and NIGA [expansion unknown] international agreements that guarantee foreign investments. We are offering investors the rights to have legal stability through the law to promote foreign investment. Within the framework of the plan to promote investment, we eliminated a series of flaws in the labor market that prevented companies from adjusting their payrolls to changing situations, something that limited their competitiveness. Provisions such as the law on the powers of employers, the law on work schedules, and the law on labor collective relations eliminate the indexation of wages, allow work schedules to be adjusted to the employers' needs, and make job stability adjust to productivity and the financial situation of the companies. It is also worth mentioning that we implemented the system of depositing compensation payments for time of service, called CD, in accounts earmarked for that purpose.

These funds, instead of being used by employers as a source of long-term finances, are now earning interest

and can be used as a guarantee for obtaining credits for the workers. In the midst of our economic crisis we cannot continue to support bankrupt companies or companies that do not generate revenues. If we want to modernize the Peruvian state, these companies must be modernized. In the past months the following companies have been sold: Empresa Minera, [names indistinct], INASA [expansion unknown], Sol Gas, Banco de Comercio, State Petroleum Agency gasoline stations, [name indistinct], INATRU [expansion unknown], Peru Assets, Hierro Peru, [name indistinct], Aereo Peru, and RENASA [expansion unknown]. Those sales have produced approximately $150 million. At least 15 more companies will be privatized in the coming months. These companies in the hands of the private sector will generate jobs and be a productive investment for the country. The sale of these companies should produce $719 million that will be used for the construction of roads and infrastructure. Currently, 67 more companies are included in the process. Among those companies, 38 that are operating and in which state participation equals 10 percent are being prepared for auction. The remaining 39 with less than 10 percent state interest are being shut down. To strengthen and modernize the capital markets, the general law has been enacted on banking, finance, and insurance institutions and on the stock market. The Bank and Insurance Superintendency's basic law and the BCR basic law have also been enacted. The Bank and Insurance Superintendency's basic law improves its capacity to supervise and offers greater independence and autonomy while it increases the responsibility of the superintendent regarding supervision and dissolution of the parallel banking system. The main goal of the BCR's basic law is to guarantee the supervision of the currency's stability. To achieve this, the BCR is specifically prohibited from financing the government's deficits, among other characteristics.

To modernize the pension system, the government has created the Administration for Pension Funds system [AFP]. This institution will guarantee more adequate pensions for the retirees as the government is conscious of the unsatisfactory levels of these pensions in the past. In addition, the AFP encourages the development of capital markets through the placing of funds collected by the administrating institutions. The Superintendency of Pension Funds has been created to supervise the AFP, thereby assuring that these funds will be invested adequately and that the public will be guaranteed dissemination of crystal clear information.

The goals of the economic perspectives for 1993 through 1995 are as follows: to maintain inflation's decreasing trend to reach international levels; to offer levels of growth in the GDP between 4 and 5 percent annually; to reduce extreme poverty and restore the viability of the [word indistinct] sector. For 1993, the specific goals are to reduce inflation to 30 percent in the year, increase the BCR's net international reserves to $178 million, and achieve 10.5 percent growth in the GDP. To reach those goals the government will continue with the rigid implementation of the economic program, it will continue with strict monetary and tax discipline, and it will broaden the structural reforms and privatization aimed at stimulating private investment. It has been foreseen that in 1993 the central government's revenues will increase to 10.6 percent of the GDP, and by 1995 it will reach 13.3 percent. A gradual reduction of the fiscal deficit has been programmed to 2.8 percent of GDP in 1993, and to 1.8 percent in 1995.

At the same time, net BCR international reserves will increase to $2.4 and $2.7 billion by the end of 1993 and 1995, respectively. I must emphasize that the government is determined to establish effective mechanisms to improve human resources by increasing expenditures for education and health and by strengthening assistance systems to protect the poorest segments of the population. Moreover, it will try to continue to make expenditures on productive infrastructure a priority to facilitate private sector participation in economic activities.

The government realizes that a stable economic atmosphere and rules of the game favoring investment and productive employment are necessary to achieve viable, long term growth. Thus the government believes the best way to encourage recovery is by establishing a stable macroeconomic structure and stable rules of the game to encourage private investment.

The program will also promote public investment and place special emphasis on incentives to the exporting sector. Investment policy in the social area to generate additional income among the poorest and improve their productivity is an integral part of the productive recovery policy.

Despite these things, as the president of the Republic has noted, there are still certain indicators affecting our development: high interest rates that limit credit, an exchange rate that limits exports, dolarization of our economy that makes the Peruvian currency dependent, and a balance of payments that could become negative if such distortions are not corrected. As a result, timely corrective measures must be adopted to help us establish a solid, equitable, and growing economy without substantially modifying the economic program.

The recovery process will be promoted through public investment to improve the economic and social infrastructure that will serve as the basis for better development of productive activities in the private sector. There are plans to invest 1.847 billion new sols. As a result, central government investment will increase from 1.6 percent to 2.2 percent of GNP. The public sector as a whole will invest about 3 percent of GNP. That means the public investment process will begin recovering in 1993.

An important part of this investment will serve to finance, through (Concodes), small-scale investment projects in the areas of health, education, access roads, sewage, and agriculture. In all, investment on social areas will amount to half of the total central government investment. Public investment, which will be based

mainly on funds generated by the privatization process, will give priority to road repair projects with 200 million new sols; small-scale infrastructure projects in the areas of agriculture, energy and mines, fishing, universities, criminal justice, and education with 322 million; and capital expenditures in social projects with 386 million

The government's main challenge, however, is public investment in emergency zones and isolated urban areas where there is an immediate need to reaffirm the state presence, not only as part of its development goals but as part of the peace policy. As a result, there are plans to spend 847 million new sols; that is, 1 percent of GNP. That figure includes 120 million for the Glass of Milk Program; 205 million for job generation programs; 108 million for popular kitchens; 115 million for agricultural development in emergency zones, a program to develop alternatives for coca leaf cultivation, reforestation, and urban-rural title deed distribution; 50 million for the water and sewage systems; and 118 million for programs to help children and education.

All government investments to revive and strengthen the country's productive capability, however, will be insufficient if the private sector fails to participate decidedly in the investment and industrial transformation processes, because this is an indispensable requirement for bringing about a long-term economic revival. The state will continue to deepen the process of structural reforms and intensify its struggle to achieve peace and fight drug trafficking. It will earmark 254 and 252 million new sols, respectively.

To promote foreign investment, it is indispensable to settle conflicts inherited from past regimes, including those of (Aig- Belco), (Japeco), and (Cerrostal).

The new concept of development implies that the dynamism of the exporting sector will become the key for growth in the rest of the economy. To achieve that objective, in addition to implementing new rules and regulations on promoting private investments, the government deems it necessary to promote exports through recovering and improving the real exchange rate.

One specific objective of the economic program for this year is a 10-percent increase in the exchange rate in real terms. Additionally, expanding and simplifying the (Rovac) System, which contemplates the return of fuel taxes in most exports, will be considered. The government is also seeking to improve the infrastructure of ports and transportation systems in general, to reduce interest rates, to improve the mechanism for temporary admission, and to adopt measures leading to improvement in the competitiveness of our exports.

If significant progress has been made in Peru's reinsertion into the financial system, it is also true that the country is unable to pay its foreign debt arrears in the terms originally agreed upon. It is therefore necessary to continue with the negotiations to achieve a short-term debt reduction. That will make the debt compatible with the availability of foreign resources and the investments and activation of the internal production apparatus.

Negotiations with our Paris Club creditors are scheduled for the last week of March and will continue after having normalized fully our relations with all multilateral credit organizations. Peru's arrears with the international organizations, specifically, $988 million with the World Bank and approximately $900 million with the IMF, will be canceled during the first quarter of this year. Stopgap loans will be required to cancel the arrears. To that effect, Peru is taking steps to obtain stopgap loans from the U.S. Treasury and possibly the Japanese Finance Ministry. This is being done to form a new support group in which other countries will also participate. Once these credits have been obtained, we will seek to negotiate a debt reduction agreement similar to those obtained by other Latin American countries.

Peru's foreign debt now stands at $22 billion, $8 billion of which corresponds to banks and suppliers and $8.8 billion to the Paris Club. Peru will seek a partial forgiveness of those two debts to reduce the overall debt to a more manageable level.

As you can appreciate, Messrs. Congressmen, the accomplishments of the economic program and the policies implemented by the government of President Alberto Fujimori, which have been coherent and consistent over the last two and a half years, have so far permitted us not only to tackle acute inflation but also to lay the foundation for a profound economic modernization. That modernization is aimed at promoting real progress and production growth.

In a short period Peru has gone from being a country without hope, isolated internationally and submerged in the chaos of hyperinflation, to being a nation broadly recognized for the serious handling of its economy, a country with a clean economy. That recognition has made the country fertile ground for new national and foreign investments. We are again eligible to receive international loans. Soon we will have access to financing at interest rates that will rapidly move toward comparable rates on the international market. Those things will make our economy more competitive.

Messrs. Congressmen, the favorable effects of the structural reforms implemented are still not fully perceived in the agricultural sector. Given various factors, mainly climate and the technological and managerial backwardness of farmers, this sector cannot immediately react to the policy changes, as opposed to other activities, which can be rapidly redirected to take advantage of the new economic policy framework.

The progress made in the agriculture policy can be grouped in eight areas: landowning, prices, marketing, financing, direct support to producers' business organizations, public investments, handling of natural resources, and institutional reorganization.

Reinstating the right to own land permits it to recover its characteristic as transferable property that can be sold or leased, thus creating conditions for the functioning of an active land market. The prices of agricultural products will be determined by free supply and demand, eliminating tariff exemptions that depress prices for national producers. Tariff restrictions have been eliminated along with price controls and other restrictions on the free internal and external movement of agricultural products, as well as supplies and capital goods.

State monopolies such as Ensi and Ecasa, which import supplies and market rice, respectively, have been eliminated. We have drafted a new system of financial assistance whereby the agricultural sector may receive support from commercial banks and new rural financial institutions such as the rural savings and credit banks and revolving funds.

The short-term objectives are: to support decisively the creation, implementation, and operation of marketing and agricultural service companies run by the producers themselves at a local, regional, and national level; to obtain long-term lines of foreign credit to contribute to the capitalization of the agricultural sector; to consolidate the national revolving fund program as a mechanism of financial assistance for the depressed rural sectors in the mountains and jungles; to promote the proper use of wastelands for the promotion of agroindustrial and export programs; to implement aggressive land title programs; to promote public investment in areas populated by organized farmers or future users of the infrastructures that are to be built, who are willing to participate in the study, design, and recovery of the investment; to give top priority to public investments in small- and medium-scale irrigation and drainage projects with wide participation from the beneficiaries; and to continue with the creation of the special privatization committees for the huge irrigation projects as is being done in the first stage of the (Chabi Mochica) project.

Regarding the mining sector, the civil crisis situation has not been overcome. The mining sector showed a recovery of production and export levels starting in 1991, and the trend continued in 1992. Contributing to that recovery has been the reduction of excessive indirect taxes from 25 to 6 percent for large mines and from 21 to 6 percent for medium mines. We have also worked for the free marketing of gold and eliminating monopolies in marketing metallic mineral products. Likewise, the reduction of terrorist activities is allowing mining centers to operate more smoothly and uninterrupted.

The unprecedented 1992 drought led to rationing electricity, which adversely affected productive activities and the population in general. Total energy production fell by 10 percent, leading to a 25-percent deficit in service. The law authorizing electricity concessions, which regulate activities related to generating, transmitting, distributing, and selling electricity has been passed. It allows private individuals or companies, nationals or foreigners, to carry out those activities. Investment studies for new energy production projects are being drafted with the support of the IDB, and those projects will be offered to investors. There are plans to privatize the current power companies before the end of the year.

Regarding the hydrocarbons sector, 1992 experienced a recovery when compared with 1991. It can be seen in the increase of oil production, the increase in the demand for oil by-products, and a decrease in the hydrocarbons trade balance deficit. Domestic demand for fuels increased by 5.2 percent in 1992, primarily because of an increase in the consumption of fuels used for generating thermal power. It is believed that in 1993 there will be a 5.4- percent increase in demand for fuel as a result of the country's economic reactivation.

Last November, we approved and authorized the signing of two contracts for tapping hydrocarbons in the northeast with a guaranteed investment of $8 million. Exploration contracts have also been signed with (Great Western), which represents a new job program for a seven-year period with an investment of $33.8 million. We are accepting international bids for exploiting gas in (La Guaitia), oil fields in Maquia and Aguas Calientes, and the operations at the Pucalpa Refinery and its respective plants. By means of a similar procedure, we hope to develop the areas run by Petromar and two other oil wells in the northwest. Other contracts for exploring and exploiting hydrocarbons are under negotiation.

Within the short- and medium-term, the government plans to increase oil reserves through a greater participation from the private sector, deregulating fuel prices, and intensifying the campaign to promote private investments in the various activities of this sector.

[words indistinct] with the absence of new investments. The Peruvian Government signed an agreement with the Inter-American Development Bank for $300 million to finance the program to repair and maintain the Pan-American and central highways. This means that 1,420 kilometers will be repaired and that 2,008 kilometers will be given maintenance. The government is using the scarce resources it has to repair and maintain roads. The Peruvian Army has also helped in this task.

Several steps have been taken concerning transportation and circulation in the country in view of a need to establish modern mechanisms to facilitate free competition, promote investment, and improve services to passengers.

The government has eliminated restrictions on routes and or operation permits for interprovincial public ground transportation, and fares for passenger and cargo services will be established according to supply and demand.

Similarly, there is free access to routes in the urban and interurban passenger service.

Regarding air transportation, the government established the legal framework that will promote opening and liberalizing that area, thus eliminating monopolistic, restraining, and restrictive practices. This action allowed the market to determine rates and charges for the benefit of users, following the law of supply and demand.

Concerning water transportation, timely achievements have been made:

a. With the elimination of the cargo reserve, we reduced maritime rates as a result of a greater supply of ships, which benefits exporters.
b. We eliminated the monopolistic system that prevailed in maritime work for the past 50 years. As a result of free competition, we reduced loading and unloading costs by 70 percent, thus benefiting foreign trade.
c. We reduced Napo Peru rates to benefit exporters.

Concerning telecommunications and postal activity, the law has been modernized to promote private investment and free competition to benefit users.

Regarding the fisheries sector, we reorganized the fishing activity, evident in the fact that in 1992 anchovies fishing was the best in the past 22 years.

It is estimated that the gross product for this sector will increase by 17 percent in 1993.

It must also be stressed that the government granted fishing concessions to specialized foreign boats through public bids. The method of payment was changed. Instead of being based on net tons registered, it was based on tons fished by the boat, which allowed the Peruvian state to get $23 million for these concessions in 1992.

The Fisheries Development Fund, Fondepes, was created to promote, implement, and support—technically, economically, and financially—the development of the small fishing industry in rivers and the sea. This fund also supports the basic infrastructure for developing and distributing fishing resources.

Fondepes is financed by funds obtained from fishing concessions and from other sources.

Regarding the industrial sector, I must say that its activity has been carried out in permanent coordination with the economic program and has thus reflected the changes made in organizing and developing economic activities.

It must be said that the increase in public spending on social projects, such as the purchase of school notebooks, shoes, books, and uniforms, will help reactivate small and micro-industries. These industries represent 26 percent of the industrial product and generate 575,000 jobs.

In the structural adjustment process, small and micro-industries have proven their adaptability to macro economic conditions, and despite the recession new enterprises emerged.

According to INEI [National Statistics and Information Technology Institute] estimates, industrial production dropped by -7.1 percent in 1992 but the number of industries registered in the unified registry rose to 17,351.

The crafts industry has been promoted at the local and international level through fairs, the creations of enterprises, certification and registration of products, training, and research, as well as in publishing technical documents.

Congressmen, the need to have a correct view of our economic and social reality together with changes that have occurred in the makeup and distribution of our population in the past decade pose the need to take a census of population.

For this reason the government has decided to set 11 July as the date for the national census. It will be the ninth census to count the population and the fourth on housing.

On 12 July, we will start the census for the rural area and it will last 15 days.

Regarding the social sector, administering justice is one of the government's priorities that is deeply committed to social promotion and moralization.

There can be no social ethics or true development without justice and this justice must be correct and timely. We all know that when this government took office we found a very slow judicial apparatus with cases that were many years behind.

Slowness, however, was overcome with money and influence. The people did not have access to an agile judicial apparatus. There was a moral problem because, as we all know well, bribes were handed out very frequently. We want a dynamic and moral justice for people and this is why we have shown concern for its institutions and ethical values of its members.

For this purpose, we have established various norms and implemented measures to reorganize the institutions of the sector. These institutions are basically the Constitutional Guarantees Tribunal, National Council of Magistrates, National Public Registry Office, and National Civil Service Tribunal. These actions have not only been implemented through special evaluation and ratification mechanisms but also the enforcement of the Judicial Branch's basic law. We have also evaluated jurisdictional organs and carried out five-year evaluations on the behavior and capabilities of all magistrates and jurisdictional aides. We also assessed the actions of the National Council of Magistrates' Control Office, which evaluates the operational behavior and capabilities of judges and even investigates overt signs of wealth.

We established the Graduates Civil Service by which law students, beginning their senior year and for 12 calendar months, will offer legal services. We created the Higher

Studies Academy on Administration of Justice to train specialized judges and promote permanent improvement of magistrates.

We have paid special attention to aspects related to penitentiary infrastructure, which have been neglected and are deficient in our country. We have worked in different criminal establishments and tried to adjust them to genuine needs. We are expanding facilities and building new ones. Modernizing criminal establishments and equipping them with minimum health and nutrition requirements are important goals of this administration.

I must underscore our regaining control of areas in certain prisons, especially in the capital of the Republic, that were virtually occupied and managed directly by terrorist criminals, who had turned them into indoctrination and training centers to plot criminal actions that were later implemented. One of the first actions of this government after 5 April was to restore the principle of authority in those penitentiaries. The government acted prudently in achieving this.

Messrs. Congressmen: Government efforts to achieve a just, ethical, and united society will not be feasible unless education becomes a priority. We want everyone to have an education. The nation's future depends basically on the quality of education and on it reaching all corners of the country. We know how difficult this is but the government is giving the greatest importance to this national challenge.

We have worked zealously to establish an education system that meets the expectations of all Peruvians, especially the poor. All Peruvians, even those lacking resources, must have access to free education, because this is a right guaranteed by the government. Improvements on infrastructure and quality of educational fields have special priority.

I must especially mention the government and people of Japan for their valuable assistance. This has allowed us to build classrooms and schools in poorer areas and to furnish equipment and materials to improve our educational quality.

In 1992 we built 574 classrooms occupying 33,230 square meters, which benefited 23,000 students in each shift. The new education project focuses on the following basic points: a vigorous campaign to support rural and border areas in education; improving the quality of education based on modifying study plans by adjusting them to national reality and future needs; educational decentralization through transferring management to organized communities; establishing a new education financing system to ensure all Peruvians receive free education.

As we have seen, a new education for Peru is on the horizon, a decentralized education with better quality that reaches everyone. It will now reach everyone in the country and involve organized communities. This new education design will open new possibilities in our literacy program—274,000 individuals were involved in 1992 and we plan to surpass this figure in 1993.

Messrs. Congressmen, the seriousness of the country's problems and hard work before us is reflected by our dramatic realization that 13 to 15 million Peruvians are living in poverty and four million of them are living in extreme poverty.

A total of 1.3 million children are suffering from chronic malnutrition; 850,000 are in rural areas in the jungle and the Sierra and 450,000 are found in urban poverty areas along the coast. Faced with this grave reality, the government is developing direct food assistance programs to assist the high-risk vulnerable population groups in rural and poor urban areas. The government is supplying 1,000 metric tons of food valued at 35 million new soles to benefit 200,000 people. In 1992, 2,480 soup kitchens were subsidized with cash in metropolitan Lima and in El Callao Province, 164,000 people were assisted. In addition, the Armed Forces and National Police have undertaken civic action group activities. The Health and Fishing Ministries are also carrying out direct food and nutritional support programs. The Presidency Ministry is preparing a social benefit program to supply 1 million children with food and give economic support to supply 55 million meals in 2,553 soup kitchens with the participation of 33,000 members of the Mothers' Club. The distribution of 27,350 tons of food and 1,700 soup kitchens are assured to the population in extreme poverty. At the same time, efforts are being made for organized communities to accept nutritional support through 120,000 metric tons of food supplied by [word indistinct] and for the financing of 583 million soles, earmarked for social development through special projects and the fostering of productive work. These projects will include the construction of roads, infrastructures, drainage systems, schools, and others.

One of the social sectors with the least support is the sanitation sector, which has been accented by the drought. On a nationwide level, the lack of water is 23 percent in urban areas and 82 percent in rural areas. The lack of an adequate sewer system is 40 percent in urban areas and 92 percent in rural areas. The figures speak for themselves; they are alarming.

Government actions developed to face this situation are the following: 231 million soles have been invested in social programs that have generated 69,000 jobs; sanitation, housing, and electricity projects have been undertaken for 168 million soles, generating 75,000 jobs; government institutions have developed infrastructure projects in rivers, electricity generation, and water supply at a nationwide level for 111 million soles, generating 25,000 jobs; we have built 193 sanitation checkpoints [postas sanitarias] and health centers; 214 multisport centers have directly benefited 20,000 people; 281,670 notebooks were manufactured to benefit 1 million students at a cost of 9.9 million soles, which created employment for artisans and industrialists. In addition, a number of projects have been carried out, such as the

delivery of educational equipment and material, laboratories, shops, and cleaning materials, thereby benefiting approximately 500,000 students. The National Housing Fund [Fonavi] invested 18 million soles in finishing 3,420 housing units left by the previous government. Companies that provide sanitation services invested 25 million soles in 71 locations nationwide, and 58 million soles from resources provided by SEDAPA [expansion unknown], Fonavi, and INVERMET [expansion unknown] were invested in Lima for the benefit of 1.1 million residents to finance Granmayo Dam, the extension of La Tragea plant, and the drainage of the green coast. In the countryside we invested 20 million soles from Fonavi for 50,000 inhabitants. Fonavi invested 55 million soles in electricity projects by providing direct credit to 50 villages in Lima and 40 in the countryside, thereby benefiting 253,000 inhabitants. Similar projects were carried out in El Callao.

In 1992, 40 million soles were invested in broadening agriculture and on social projects in the coastal, mountainous, and forest areas to support the agricultural, energy, and transportation sectors. The social support sector's general policy for 1993 will consist of overcoming the limitations of the policy of social compensation and move toward a policy of social development that will include broader coverage of basic services. We will invest 90 million soles to provide electricity to villages and 116 million soles in drainage projects nationwide.

The Concodes [expansion unknown] Emergency Program—aimed at compensating and alleviating the effects of the adjustment plan—has fulfilled its task in a meritorious manner, despite the limitation imposed by fiscal austerity, which prevented the development of this kind of program on a large scale.

During 1991 and 1992, the government made a great effort to assign 170 and 290 million soles to the Social Support Program. These sums equalled 4.9 percent and 4.7 percent of current expenditures for both years, respectively. Undoubtedly, this program will continue in an attempt to alleviate the consequences of the current situation among those less fortunate.

Health conditions of the population are directly related to poverty and the economic situation, which the people and government are gradually overcoming. The lack of funding for health services is added to poverty and deprivation, creating a marked lack of minimum supplies.

It should not surprise us to see that conditions for the appearance of diseases plaguing the country for several years have been created. To overcome this situation, the process of organizing and implementing the National Health System and the Integral Development Health Zones, Zonadis, has begun. This is the basic level of organization to provide integrated health services by applying the basic principles of primary attention and giving priority to the active participation of the community.

Concerning the treatment of diseases that can be prevented, both from allocating resources and mobilizing the public sector, nonpublic, and community personnel, I must report to you that the incidence of such diseases has been considerably reduced.

In health campaigns during 1992, we succeeded in vaccinating close to 3 million children, up to five years old, against poliomyelitis and measles. Through the Fund for Fighting Epidemics, we manufactured medical products and improved health services, giving priority status to rural areas of extreme poverty and supplying 600 health centers and posts and 121 hospitals with medical equipment, instruments, and furniture. As the result of these measures, the number of cholera cases decreased in 1992 and the rate was 65 percent lower than in 1991. People's improved hygiene habits have also contributed to this result. As a preventive measure, more than 100,000 liters of serum for treating cholera and 3,000 tons of essential medications have been distributed throughout the country.

Congressmen, the government is always concerned about job creation. This concern is revealed by the number of actions that stimulate development and the attention devoted to social problems. In addition, and just as I said when I discussed the nation's economy, the government has stimulated the creation and operation of new forms of protection and capitalization of the workers' social benefits. These forms include the administration of pension funds and the compensation deposit for time on the job. The policy in the interior of Peru cannot be kept separate from the rest of the country. This policy must be perfectly integrated into the local policy and be an instrument of national interests and needs. It must contribute to the solution to our most pressing social, economic, and structure problems, such as terrorism, drug trafficking, extreme poverty, and our scarce participation in international markets and trade, among others. To comply with these priority objectives and make an effective contribution to the nation's development and establish the groundwork for the country's modernization and progress, our foreign policy must fit adequately within the international context.

The international system is developing from marked tendencies that rapidly tend to homogenize this system and undertake a universal nature. These trends are the implementation of an increasingly broader and competitive market, the establishment of the democratic system as a form of government, respect for human rights, and protection of the environment. I must point out that the democratic system and protection of human rights are universal values for the modern international society. These issues, as well as those related to the environment and protection of ecosystems, have become a priority for the world community and international organizations,

which link those issues directly with the cooperation and assistance granted to developing countries.

Protecting human rights, the environment, and the struggle against drug trafficking and terrorism go beyond the local circle. Our foreign policy seeks an understanding of and cooperation in handling these problems.

Renovating the democratic institution, one of whose leading elements is the existence of this CCD, makes it easier for Peru to be incorporated again into the regional mechanisms for political agreement which, like the Group of Rio, stimulate dialogue among Latin American governments in the search for shared strategies in the world scene. The government is aware of the difficult upcoming economic, financial, and commercial competition and we are creating the necessary conditions to allow us to face them with better chances of success. That is why throughout 1992, we expanded our commercial horizons to one of the most financially active regions of the world but with which we have still not fully developed our trade. I am referring to the countries of Southeast Asia.

I must say that Peru can increase its presence in the international economy by taking advantage of its excellent geographical position as a springboard for trade in the Pacific. Consequently, we have aggressively resumed our political and commercial relations with the countries of this region.

Parallel to our efforts for developing trade in other geographic areas of vital interest for Peru, however, we must recognize that our top priority must be the bilateral political and economic relations with our neighboring countries. Strengthening the ties among our people and identifying and developing common interests with bordering countries are priority objectives for the government and will be attained through implementing pragmatic projects and alternatives for integrating and complementing our economies.

Consequently, we have developed a policy of strengthening our ties of integration, cooperation, and dialogue with all of our neighboring countries. Consolidating an environment of peaceful coexistence and mutual trust is essential so that we can devote our efforts, as well as our economic, financial, and material resources, to development and national pacification.

Signing the Hilo Agreements, which grant Bolivia access to the Pacific Ocean with full respect for our sovereignty, has become a landmark in bilateral integration and reactivation of the economy of Peru's southern area. The recent official visit by President Fujimori to La Paz serves to reaffirm that fact. Signing those agreements has created extraordinary dynamics in bilateral relations with Bolivia and has made it possible to draft a strategy based on the joint establishment of export platforms and corridors, which must play a key role in developing commercial relations of the two countries with the markets of the Pacific Basin and the U.S. west coast.

In addition, I must recall that creating the free trade zone with Bolivia makes it possible to project that the commercial balance will total $120 million in 1993, as tariffs were reduced in almost the entire universe of commercial exchange. As for Chile, our visit to Santiago early this year falls within the framework of a sincere understanding to conclude the pending clauses in the Lima Treaty of 1929 and its complementary protocol. For that purpose, the two countries agreed to appoint commissions that will have 60 days to submit their proposals to their respective Foreign Ministry. In the field of bilateral economic relations, we agreed to continue the talks on an agreement on the mutual promotion and protection of investments, supporting efforts for electrical interconnection, updating technical and scientific cooperation, promoting contacts between the business sectors of the two countries, among other more relevant aspects that will give vitality to bilateral relations with our southern neighbor.

We have consolidated the process of detente with Ecuador and began a new climate of rapprochement and frank bilateral dialogue at the highest level. It was within this context that from 9 to 11 January President Alberto Fujimori made the first official visit by a Peruvian head of state to the neighboring country. He delivered to his Ecuadoran counterpart a proposal for friendship, cooperation, and integration that falls within the Rio de Janeiro Protocol. The rapprochement between our two countries has continued to take place at the highest level—in meetings, international forums, and unofficial visits. For instance, the visit President Fujimori and his family made to the Ecuadoran resort of Bahia de Caracas on the invitation of Ecuadoran President Sixto Duran-Ballen.

On the other hand, it is important to point out that during 1992 we started the Tumbes irrigation project and the Peruvian subcommission of the joint Peruvian-Ecuadoran commission was reorganized to take advantage of the Catamayo-Chira and Puyango-Tumbes hydrographic basins. In addition, a bilateral trade agreement was signed by both countries that will be in execution until 31 December 1993 with the objective of promoting bilateral trade under terms of equal conditions, by ensuring the removal of tariff to a long list of products.

Regarding Brazil, we are heading toward a process of reactivating border integration between both countries; thus we have given priority status to the highway interconnection route between Inapari, Puerto Maldonado, Puno, and Ilo.

Regarding Colombia, we also plan to increase and accelerate the border integration process. Our framework of relations in an increasingly interrelated world is not limited to border issues. Our political, diplomatic, economic, and trade efforts with the entire Latin American region, as well as the developed world, is equally extremely important. In the Latin American context

where the Bahamas commitment meant the international confirmation of the government's determined democratic will, it is necessary for us to double our efforts in, for example, the Central American and Caribbean region. This region will occupy a predominant position during the next few months.

Regarding our ties with the United States of America, I must underline that the government's many efforts toward democratization and promoting and protecting human rights have prompted a renewed rapprochement that will lead to specific actions of an increasingly positive, objective, and realistic nature.

Consolidating our democracy following the installation of the CCD has renewed the industrialized countries' confidence in our national institutions and in our future viability as a country. It is in this context that the flow of financial cooperation and investments that are necessary to achieve development have been rapidly normalizing and increasing.

As part of the principal initiative undertaken by all our diplomatic missions in the industrialized nations, we must highlight efforts to obtain the participation of those countries as part of the second support group, to encourage investments, financial resources, and technological cooperation, as well as to promote bilateral trade. I wish to mention Japan, which in an outstanding constructive manner has contributed to the best development of our situation. Our diplomatic representations conduct active and permanent information campaigns, aimed at political authorities and media, on advancing the Peruvian Government in making its struggle against terrorism with a maximum respect for human rights. In addition, our diplomatic representations are requesting host countries end the activities of terrorist groups based in their countries that carry out actions against our country. To this end we obtained a change of policy by other governments. One of the most outstanding cases was Sweden, where the prime minister condemned the Shining Path and decided to review his country's traditional position of granting residency to Peruvian citizens involved in terrorism.

The environment is one of the main topics in the new international arena. This is a topic in which Peru defends the sovereign rights it has to the rational and ecologically secure use of its resources, balanced with the need to obtain external financing and the realization that environmental aspects can become new preconditions for international cooperation. In accordance with Peru's participation is the so-called Earth Summit held in Rio de Janeiro in June 1992, we signed agreements on biodiversity and climatic changes. Both these international agreements will be presented to the CCD for approval.

Peru's international image should not only be recognized by the efficient solution to our problems but initiatives should also be taken to illustrate our cultural and historic richness and the group of elements that are part of our national identity. Peru's image and prestige is everyone's responsibility; it is the society as a whole that opens and projects the country's image. All Peruvians are establishing our prestige abroad.

The world has set aside ideological obstacles and parameters. The principal role players interrelate pragmatism and mutual benefit as a clear goal. The international system and principles that rule it are changing and we, as well, accept the future challenge.

The positive results of the great efforts made to broaden our international presence and trade will become known to us very soon. It is in this context that we should view the new structure given to the Foreign Relations Ministry and the proposed reforms to the diplomatic service. Both reforms seek to create the instruments that will allow and encourage proper and efficient handling of our work abroad. Lastly, I believe it is a good time to underscore that future foreign policy design plans should seek a national consensus between the different sectors of the state and civilian society so that together we will direct the course that will allow us to attain development, raise the standard of living of our people, pacify the country, and give Peru a position among other countries it deserves.

The government's general policies that the cabinet is enforcing include a topic vital for the future of our institutions. Much has been said up to now about reforms to the Legislative and Judicial Branches. The government of President Alberto Fujimori, however, is aware of the need to carry out reforms to the Executive Branch and furnish it with the institutions the new Peruvian state requires—a subsidiary state that concentrates social work and is a source of encouragement for private initiative. This calls for the creation of different institutions than those of a state that is overregulated, oversubsidized, and protectionist, such as we had as recently as two and a half years ago.

This reform cannot be limited to encouraging procedures that only reduce red tape and personnel. There is also an urgent need to adapt the Executive Branch's organizational structure to the new Peruvian reality and carry out an intensive training program for the new public officials. Regarding the Executive Branch's reorganization, it is essential that its institutions and organizations be adapted to the structural reforms approved by the current administration. The government's goal is that the Executive Branch should have the institutions it needs. Only then can we be sure that the few fiscal resources available are utilized as rationally as possible. To this end we must simultaneously begin various activities.

We must modernize the ministries and state institutions in such a way to define clearly their duties. Thus, the rendering of accounts to the citizenry will be a reality. Another important issue is government management. The ministries and their agencies must stop conducting their affairs with disregard for the most basic rules of modern public management, which state the advantages

of having cadres who are exclusively devoted to internal administrative activities. The CCD has set an example of this by creating its own general management. The judicial branch has done the same by creating an executive council, but these innovations have not yet been extended to the ministries and the agencies that depend on them. This is one of the tasks we will undertake.

There is another issue that we should not forget, of which certain concepts have already been set forth. There is a serious lack of professional and trained personnel to hold key public administrative positions and a total absence of incentives to attract competent cadres. Peru requires a civil service that is productive and creative, with cadres trained in public management, with well outlined duties for each position, and with a different wage and pension scale. A civil service is needed that will transcend current governments, giving continuity to the executive branch's undertakings and add stability to the country.

In public administration we must go from decisions based on current circumstances to medium- and long-term action programs. Profound modifications must be made in the public administration to reduce the burden of the pension system on the treasury, which hinders salary increases for active personnel. To this end there is a constitutional decree, the eighth temporary decree, which addresses the legal issue because it calls for the equalization of active and retired personnel. I will take advantage of this opportunity to ask the CCD Constitution Commission to include this topic in the debates on the new constitutional charter.

The reform of the executive branch is, therefore, an arduous undertaking that the cabinet has decided to initiate. However, our work would not be complete and it would only partially resolve the nation's serious problems if we fail to make certain decisions regarding decentralization. As the congressmen and general public know, the executive branch has basically become a technical-regulative branch, but its decisions and policies are executed through the regional governments. This trait of our political system illustrates the importance of this branch of government.

The experiences of the past years have proven that the regionalization process promoted by the previous government was not successful. The people's expectations were aroused and they were made to believe that small republics were being created in each region. This is the only way to explain the fact that certain regional assemblies had almost 70 representatives, who even proclaimed themselves regional deputies and refused to take orders from anyone.

In response to the failure of this experience there are two possible solutions. Certain voices have been heard calling for the deactivation of the regional governments. Others, including the current government, consider the regionalization process an unavoidable step toward decentralization that should be carried out in a more coherent manner and without incurring politicalization.

We believe the duties of the regional governments should be redefined, thus improving their union with the executive branch and the local governments, which are the foundation of all democratic systems.

Likewise, we should downsize the regional administrations, eliminating corporate branches, such as the regional assembly, and turning them into what they always should have been: regional managements.

Finally, I must broach the municipal issue. President Alberto Fujimori stated on various occasions that the government's policy is to strengthen the municipalities. The municipalities have benefited the most from the economic adjustment program, which has allowed them to receive larger incomes than they had in past years. Nevertheless, there are still many issues to be resolved, especially regarding the establishment of more fluid and fruitful relations between the district and provincial municipalities, and between the municipalities and the regional government.

Over the past few years we have seen never ending conflicts over fiscal incomes. The municipalities asked for transfers from regional funds and the regions sought ways to obtain resources, even at the expense of the municipalities.

This situation was generated by a deficient legal decentralization plan that created municipalities isolated from the regions and regions isolated from the central government. We must forget those times and move on to a phase of mutual understanding and cooperation, where our priority will be to have services reach the people in an effective manner. To accomplish this goal we must rejuvenate our institutions.

I am firmly convinced that the structural reforms undertaken by the current government can only be fully implemented and will begin to prove their efficiency more clearly when we have an adequate administration and a new government employee profile.

Final thoughts, Messrs. Congressmen, I believe that any speech on issues like the one I have delivered, regardless of how it is adapted and how precise it may be, should inevitably focus on the most obvious issues. I have been told that after the parliamentary debate we will be able to clarify the points I have outlined, as well as others I may have omitted.

As a new century dawns, the government has assumed the responsibility of making the country a modern, governable, and viable state for all of its citizens. The government's actions have been primarily directed at renewing citizens' confidence in the country, at fostering the perception that their stoic sacrifice was not in vain, that their demands for a more efficient state will be dealt with, that their clamor for tranquillity and pacification has been heeded, and that their demands for a war on corruption have generated unprecedented actions in Peru.

With these definite goals and confidence in our interpretation of the country's social demands, the government implemented the group of laws and actions to which I have referred. This is the path the country is demanding; its continuity is our common responsibility. The future depends on our coordinated and mutually respected efforts. Let us assume our respective duties and let us begin our joint effort—our political differences and current circumstances notwithstanding—because the country demands it.

Together and in solidarity, we are capable of perfecting the actions we must undertake. It is our duty to continue proving that the Peru we all desire is possible, that the work of all Peruvians is valuable, necessary, and acknowledged. Let us unite, I repeat, because this is the right path.

With the responsibility of the executive branch and the respect I owe this sovereign forum, allow me to reiterate the government's acknowledgement of the deprivations the large masses have suffered, their brave struggle against genocidal terrorism, their hopeful conviction that we will achieve a better Peru, and their democratic convictions and actions. To these large masses I reiterate my unwavering pledge to continue forging—and with your fruitful support, Messrs. Congressmen—the Peru that its men of goodwill deserve and demand.

Mr. President of the CCD, Messrs. Congressmen, thank you very much. [applause]

Opposition Leaders Criticize Speech

PA1802044993 Lima Global de Television Network in Spanish 0000 GMT 16 Feb 93

[Text] Opposition leaders were not satisfied with the speech by Oscar De la Puente, president of the Council of Ministers. They complained that the speech abounded in general topics and did not answer questions concerning scandals such as the ones involving the foreign ministry and the Navy.

[Begin recording] [Reporter] What is your opinion about the two-hour speech De la Puente delivered before Congress?

[Henry Pease, Left-Wing Democratic Movement leader] It was like Alice in Wonderland, or perhaps Oscar in Wonderland. The truth is that the message conveys very little respect for our situation. According to the message, we have a social policy that is being fully implemented. I reiterate, this government has no social policy. Actions are slowly being taken on secondary issues. Second, the economic program is defended without realizing that Peru's reactivation requires businessmen and workers to exert themselves to the utmost because social costs have already become overwhelming.

[General Luis Bedoya, Popular Christian Party secretary] He has no respect for Congress. He depicted the situation as if everything were fine. He did not mention essential issues. He said nothing about the recession, about the reactivation of production levels, about the generation of new jobs, about his social programs, or about the fight against terrorism—which has worsened. Minister De la Puente did not mention other essential topics like the moralization process exemplified by the Navy and foreign ministry cases. People who issue accusations and discover thefts are sent to their homes while the culprits remain in their posts. These essential issues have not been mentioned by the prime minister.

[Manuel Moreyra, Solidarity and Democracy Movement leader] There are very noticeable gaps. For example, he failed to mention the Navy embezzlement case. He did not talk about a current case involving the espionage carried out by a U.S. citizen. [end recording]

Commission Created To Study Coca Reductions

PY1702224293 Lima EL PERUANO in Spanish 6 Feb 93 p 1

[Text] The government has decided to create a special commission to study and propose a system of regional integration for the development of the Upper Huallaga. Over a 60-day period this commission will have to come up with the necessary proposals to control, reduce, and replace the coca plantations in that region.

This is established in Government Resolution No. 0205-93-IN/DM, which is published today in the official gazette. The resolution states that the Upper Huallaga basin is a special zone for alternative development, and that for this reason agreements with farmers must be established for overall replacement of coca plantations, so that they will have all the necessary guarantees granted by Peruvian law, in order to promote national and international investment.

The commission will be made up of two representatives of the CORAH [Upper Huallaga Coca Control and Reduction Agency] project, two representatives of the Executive Agency for Drug Control (Ofecod), one representative of the Presidency Ministry, and one representative from each of the regional governments of San Martin, Andres Avelino Caceres, and Ucayali.

The commission will also include one representative of the Peru-Canada Counterpart Fund [Fondo Contravalor Peru-Canada], one representative of Onern [National Office of Natural Resources], one from Inade [National Development Institute], five representatives of the Upper Huallaga Peasants Organizations, and one representative of the Forest Agrarian University.

The organization of this commission is provided in the agreements signed between peasants and government officials at the symposium entitled Integration for the Development of the Upper Huallaga and the Law on Basic Strategy for Alternative Development To Eradicate Illegal Drug Trafficking.

Uruguay

Differences Among Blanco Party Factions Persist

PY1802122393 Montevideo Radio El Espectador Network in Spanish 0830 GMT 18 Feb 93

[Text] The efforts made so far by President Luis Alberto Lacalle to obtain support for his administration in 1993 from the National Rocha Movement, headed by Vice President Gonzalo Aguirre, and the Renewal and Victory, headed by Senator Carlos Julio Pereira—both Blanco Party factions—seem far from becoming true, given the differences between Lacalle and Senator Pereira.

Lacalle and Pereira met for an hour yesterday at the Libertad building to resume discussions about the proposals to be handled in Congress after carnival. They also analyzed a document Pereira sent to Lacalle on 16 February demanding changes in the salary, taxation, and credit policies, as well as changes in the productive sector in face of the Common Market of the South.

Senator Pereira told journalists as he left Government House yesterday: We exchanged opinions about the same subjects we discussed in December. We did not reach any agreement that will change the current situation.

A government source yesterday said that they did not reach any concrete decision, adding that Lacalle will probably summon Gonzalo Aguirre and Senator Pereira for more talks next week.

National Rocha Movement sources reported that Lacalle has ruled out most of the proposals presented by Pereira, including his petition to remove the economy minister. The discrepancies between the president and Aguirre and Pereira, which were kept low key during most of 1992, became more evident following the defeat the Blanco Party suffered in the referendum held on 13 December, through which a large part of the Law on Public Enterprises was derogated.

Venezuela

Disturbances Continue in Barinas, Sucre States

PA1702193893 Madrid EFE in Spanish 1847 GMT 17 Feb 93

[Excerpts] Caracas, 17 Feb (EFE)—On 17 February serious disturbances broke out for the second day in the states of Barinas (southern Venezuela) and Sucre (northeastern Venezuela) in protest of the Supreme Court of Justice's decision to cancel the call for gubernatorial elections in those two states.

The morning of 17 February began in the two states with special military patrols, which were not enough to contain the hundreds of demonstrators who took to the streets to reject the Supreme Court decision. [passage omitted]

The opposition Social Christian Party, Movement Toward Socialism, and the New Generation Movement have announced they will file appeals to annul the Supreme Court decision to suspend the elections slated for 14 March.

The three parties blamed the Democratic Action [AD] party for the disturbances, charging that AD refuses to recognize that it was defeated in the 6 December elections.

Stores Open Under Military Protection

PA1802025493 Caracas Venezolana de Television Network in Spanish 2355 GMT 17 Feb 93

[Report by Jose Marcano from Cumana]

[Text] The city of Cumana apparently was calm on 17 February. There were protests in the La Panamericana area only, specifically in the Brazil neighborhood, where soldiers are continually removing trash and burning tires from the main highway leading to this populous sector of the capital of Sucre State.

The hot spots in the city's center, Miranda Plaza, Ayacucho Park, Guzman Blanco Bridge, and Bermudez, Narino, Gran Mariscal, and La Perita Avenues are under strict military control to prevent further looting, as occurred on the night of 15 February. Very cautiously, some stores, in particular those not in the center of the state capital, opened their doors under the protection of the Cazadores Battalion, which are stationed on the main avenues.

During our reporters' visits to the various clinics, it was observed that the number of injuries from acts of violence remains stable, that is, 36 people have been wounded by gunshot and bird shot. In addition, Marcos Garzon, former president of the Sucre Legislative Assembly, told reporters that the Legislative Assembly will formally ask the Sucre Judicial Technical Police to open a thorough investigation into the death of the young mason Johnny Gregorio Rangel, 22.

We also have information from the Sucre businessmen's council, whose board of directors repudiated the acts of violence in Cumana and Cumanacoa, where several businessmen of the various chambers suffered great losses when their stores were looted. Jorge Amar, president of the Chamber of Commerce, said the losses in Cumana amount to 1.2 billion bolivares.

A meeting will be held at the Archbishop's office on 18 February to set a date for one day of regional mourning in Sucre State.

No Plans To Suspend Constitutional Rights

PA1802022193 Caracas Venezolana de Television Network in Spanish 2350 GMT 17 Feb 93

[Text] In view of the disturbances in Sucre and Barinas States as a result of the Supreme Court of Justice ruling,

Jesus Ramon Carmona, minister of the interior, affirmed there are no plans to suspend the constitutional rights in those two states. Carmona said, however, that the government will follow the events closely and will not spare any effort to keep public order and protect the lives and tranquillity of the people and their properties, according to the law.

Carmona reported this after an event held in the Central Park area to honor former minister Luis Pinerua Ordaz. Minister Carmona said it is the government's duty to maintain order and peace throughout the country, particularly in Sucre and Barinas. He said the government is in no way responsible for the violent disturbances.

[Begin recording] [Carmona] The government will spare no effort and make no omission when it comes to taking measures authorized by the law. It is the government's pledge to guarantee peace and order in the country, particularly in Sucre and Barinas.

[Unidentified Reporter] Whom does the government hold responsible for these violent actions?

[Carmona] We know the circumstances that caused these events will not incriminate the executive branch. An unfortunate confusion about the results of the elections in Sucre and Barinas led to a certain situation in which the Executive has remained neutral out of respect for the decisions and authority of both the Supreme Electoral Council, the Supreme Court of Justice, and the legislative assemblies of the states involved. [end recording]

Carmona said the government can suspend the constitutional rights if necessary.

Students Clash With Police in Caracas

PA1702174693 Paris AFP in Spanish 1715 GMT 17 Feb 93

[Excerpt] Caracas, 17 Feb (AFP)—Dozens of students clashed with policemen on 17 February and set up barricades of burning tires in El Paraiso in midwestern Caracas as a sequel to violence prompted by the suspension of elections in two Venezuelan states, local journalists reported.

The police used tear gas to disperse rebelling students from two high schools and an institute of higher learning.

This third consecutive day of violence has resulted in one person dead in Cumana, the provincial capital of the eastern state of Sucre 350 km west of Caracas, where demonstrations led to looting and fires. [passage omitted]

Joint Efforts To Find Kidnappers Continue

PA1702163593 Caracas Venezolana de Television Network in Spanish 2350 GMT 16 Feb 93

[Text] In a joint effort, security organizations of Venezuela and Colombia are combining their resources to fight kidnapping on the border between the two countries. With this in mind, the General Regional Division has sent composite pictures of the individuals who hijacked the YV-535 light plane so they may be sought in Colombia. Pablo Julio Simoza, chief of the General Regional Division, released the information. He added that, so far, the hijackers have not contacted the relatives of Jorge Ruben Melendez, the plane's pilot.

Simoza said that investigations indicate that the plane is in Colombian territory.

[Begin Simoza recording] Let's hope that the composite pictures will serve to identify the individuals. As I mentioned, we are involved in coordinated efforts and an air and ground operation is under way in Colombia. [end recording]

The plane was hijacked at the Laguna Larga tourist facility. (Jean Calvin Lamarque,) a U.S. citizen, and (Clayton Icorlogren,) a Canadian who owns the tourist resort, were aboard the plane.

The police of both countries are helping to search for the plane.

Ochoa Discusses Improvement in Armed Forces

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[Text] During a ceremony to swear in new directors for his office, Foreign Minister Fernando Ochoa Antich stated that there are no offensive motives behind the Venezuelan Armed Forces' technical improvement and new equipment purchases.

Ochoa Antich headed the protocol event, which was attended by various diplomats. The new directors will be in charge of making sure Venezuelan foreign relations retain their high international stature.

With regard to the strengthening of the Colombian Armed Forces, Ochoa Antich said it does not constitute a threat to our sovereignty.

[Begin Ochoa Antich recording] Venezuela has been making consistent efforts to improve the technical capability of its Armed Forces. There are no specific military motives for this, however. The efforts that Venezuela is making to strengthen its Armed Forces cannot be construed as preparation for any conflict.

Similarly, Venezuela does not see that the strengthening of the Colombian Armed Forces is aimed at starting a conflict between our two countries. On the contrary, I believe that very important and consistent steps are being taken to improve relations between Venezuela and Colombia, not only in the area of integration but in many other aspects. Efforts are being made to find solutions, through direct talks, for the various problems of these two bordering nations. [end recording]